Governance of Public Sector Boards
GOVERNANCE OF PUBLIC SECTOR BOARDS

This report has been prepared for submission to Parliament under the provisions of section 25 of the Auditor General Act 2006.

Performance audits are an integral part of the overall audit program. They seek to provide Parliament with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

The information provided through this approach will, I am sure, assist Parliament in better evaluating agency performance and enhance parliamentary decision-making to the benefit of all Western Australians.

COLIN MURPHY
AUDITOR GENERAL
18 June 2014
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Auditor General’s Overview

Over 300 public sector boards and committees operate in government, providing roles ranging from being an agency’s accountable authority to providing expert advice and stakeholder representation.

In order to achieve a board’s objectives, board members need to be suitably skilled, well informed and to operate with integrity. The Public Sector Commission has provided important guidance to help achieve this result in the form of a publication titled: *Good Governance: A guide for Western Australian public sector boards and committees*. The guide is based upon 11 principles for good governance. I have strongly endorsed this publication in the past and I am pleased to note that the PSC is looking at how its messages can be further refined.

Since 2010 the state government has purposefully reduced the number of public sector boards to bring about a more effective and efficient governance structure. We audited six public sector boards against the Public Sector Commission’s 11 principles. We also conducted a broad ranging survey and received responses from a further 135 boards. The overall results indicate that the government’s intentions are broadly achievable.

However, we also identified some areas for further attention. These include:

- better succession planning for board members
- more structured and formal induction
- more transparent management of conflicts of interest
- improved identification and monitoring of strategic and governance risks
- ongoing professional development of board members.

I urge all government boards and committees to consider this report and the opportunities that might exist for them to enhance their governance arrangements.
Executive Summary

Overview

There are many different types of public sector boards, including boards of public trading enterprises and statutory authorities, registration boards and appeal boards. Government has purposefully reduced the number of boards and committees in recent years to create a more effective and efficient governance structure – from 1 276 reported in 2010 to around 320 today.

While boards are accountable to a Minister they also provide an important link between Government and the community. Although they may vary in the size and nature of their responsibilities, all are required to demonstrate good governance.

To assist boards with their governance structures, the Public Sector Commission’s (PSC) Good Governance: A guide for Western Australian public sector boards and committees (Guide) establishes a framework for good governance. The Guide establishes a framework for good governance structured around 11 principles.

We audited a sample of six public sector boards to establish if they were providing effective governance and operating in accordance with PSC’s good practice principles. We also conducted a survey of public sector board members and their chief executive officers to obtain a broader understanding of public sector practices.

Conclusion

The six boards generally maintained policies, procedures, systems and practices that ensured effective oversight of their agency’s activity and which were consistent with the PSC’s good practice principles. But, improvements are required in the key areas of management of conflicts of interest and their induction and performance assessment of board members. Our survey, which had 363 responses from board members of 135 boards leads us to believe that these results broadly apply across the public sector.

Key Findings

The six public sector boards we reviewed were operating in accordance with PSC’s good practice principles and were providing effective governance and oversight. Specifically, we found the boards were structured to perform the work required of them, engaged in strategic planning and had good processes to ensure their decision-making was ethical.

But we also found areas for improvement in:

• succession planning – no board had a documented succession plan. The Chairs of three boards considered that succession planning was constrained and their effectiveness was limited by their enabling legislation, which imposed outdated requirements on the make-up of board membership. Succession planning is important to maintain a stable governance structure and the capacity to achieve required outcomes (Principle 2)

• member induction – three boards had informal induction processes. It was unclear if these members were adequately informed of their role and responsibilities. A good induction process assists new members to understand the nature of the business and its risk and opportunities. It also reduces the risk that board members will act outside of, or in conflict with, their responsibility as a member of the board (Principle 3)
• conflicts of interest – the management of conflicts of interest varied. Only one board entered declared conflicts in a central register. Boards with specific industry or supplier representatives identified and transparently managed conflicts by recusing members from discussion at meetings and by redacting material from the board papers and minutes. While it is not always possible to avoid a conflict situation, how the conflict is managed is critical. Conflicts of interest can seriously undermine the operations of a board and the credibility of its members (Principle 3)

• risk monitoring – two boards did not identify or monitor governance or strategic risks. Effective monitoring of strategic matters, such as sustainability of the agency, ensures the board reacts to changes in the environment and develops strategies to mitigate them before they interrupt the continuity of the business (Principle 8)

• code of conduct – only one board required its members to sign their commitment to the code of conduct and kept it as a record, and only one board provided training in the code during induction of new board members. Board members need to know whether there are specific public sector or agency issues they should consider in their conduct (Principle 9)

• evaluations – no board evaluated both the governance practices and performance of the board and its individual members, and so did not know how effective and efficient their board and individual members were in performing their functions (Principle 10)

• professional development – only one board linked ongoing development of its board members to weaknesses identified in evaluations of the board. Without this linkage, development of individual board members may not address their shortcomings (Principle 10)

• recordkeeping – two boards did not have records of Ministerial decisions and Cabinet endorsement of board and committee members and their remuneration rates. This is required by legislation and other material developed to guide the payment of fees and reimbursements to provide transparency and to establish controls around the rates paid (Principle 11).

Our survey results suggest that these findings are likely to be generally consistent with the situation in other public sector boards.

Recommendations

Public sector boards should:

• plan for the succession of board members, and give consideration to maintenance of the diversity, skills, and continuity required of the board. When boards identify that their enabling legislation has become outdated, with regard to board structure, amendments should be sought to ensure it remains current

• develop and implement structured induction processes that include board members signing the board’s code of conduct

• include a summary of declared conflicts of interest in the board minutes, and in a central register

• develop and implement a risk reporting framework which identifies and tracks governance, strategic and operational risks
• evaluate the governance practices and performance of the board, its members and supporting committees at least annually, and ensure board members remain independent

• link the professional development of board members to the outcomes from these evaluations

• ensure records of Ministerial decisions and Cabinet endorsement of board and committee members and rates of remuneration are kept on file.

Board Responses

Response from Chair of Pilbara Development Commission
I am pleased to advise I am comfortable with the findings and the report with no concerns regarding its publication. I note with interest across the 320 boards examined by the Office of the Auditor General improvements are required in the context of good practice around conflicts of interest, and the induction and performance assessment of board members.

Response from the Chair of the Independent Market Operator
I would like to thank the Office of the Auditor General for the opportunity to participate in this governance performance audit. The valuable feedback received has allowed our agency to evaluate our governance arrangements and make a small but important number of changes to the IMO governance framework.

The following boards had no comment:
• Perth Market Authority
• Rottnest Island Authority
• Port Hedland Port Authority
• WA Museum Board of Trustees
What Did We Do?

The audit objective was to assess whether public sector boards are providing effective governance and operating in accordance with the PSC’s good practice principles.

Our key question was:

- Do the policies, procedures, systems and practices of selected public sector boards ensure that they have effective oversight of agency activity and comply with the principles for good board governance set by the Public Sector Commission?

We examined the records and practices of the following six public sector boards in 2012-13 (Appendix 1 provides a brief description of the role of each board):

- Independent Market Operator Board (a governing board)
- Perth Market Authority Board (a trading board)
- Pilbara Development Commission Board (a governing board)
- Port Hedland Port Authority Board (a trading board)
- Rottnest Island Authority Board (a management board)
- Trustees of the WA Museum (a stewardship board).

In the audit conduct we:

- interviewed key staff
- examined board documents and websites
- conducted structured interviews with board Chairs and agency CEOs
- met with ministerial representatives for five of the six boards to gain their insight into the operation and effectiveness of the boards
- conducted an anonymous survey of 135 public sector boards, which focused on their governance. We received 363 responses made up of 222 board members, 76 board Chairs, 27 agency CEOs, and 38 ‘Other’ respondents. Information regarding the conduct and findings of the survey can be found at https://audit.wa.gov.au/reports-and-publications/.

The audit was conducted in accordance with Australian Auditing and Assurance Standards.
Background

There are currently about 320 public sector boards and committees listed in the Register of State Government Boards and Committees. These boards are a core component of public sector governance.

Governance in the public sector refers to the responsibilities, policies, procedures and practices that ensure objectives are achieved, risks are managed and resources are used responsibly and accountably.

Boards for public sector agencies are generally established to:

- provide capacity for decisions and advice that are independent from government
- enable the input of specialist knowledge and expertise
- allow stakeholder engagement
- facilitate government participation in commercial or semi-commercial operations.

It is critical that boards manage the risks to their own good governance by establishing appropriate principles and standards for their decision-making, management, performance and stakeholder engagement. In particular, a board’s effectiveness is largely determined by the skills and expertise of its members.

To assist boards with their governance arrangements, the PSC released the *Good Governance: A guide for Western Australian public sector boards and committees* and supporting materials in 2009. The Guide establishes a framework that is structured around 11 principles. Although public sector boards are not required to comply with the principles, the suggestions and recommendations contained in the material are considered essential for best practice. The PSC website (http://www.publicsector.wa.gov.au/public-administration/public-sector-governance/good-governance-guide-public-sector-agencies) provides more detail about each of the principles.

The PSC is currently finalising a new product titled Board Essentials that will be released in the next financial year. This product will further refine the good governance principles for boards and committees and will provide additional guidance on governance issues.
Types of Boards

Boards vary in accordance with their authority, established in their enabling legislation, but can be generally categorised as:

- **Trading** – boards of public trading entities engaged in commercial activities. For example, the Gold Corporation and the Electricity Networks Corporation (Western Power) Board.

- **Governing** – boards of statutory authorities which govern the operation of an agency. For example, the WA Planning Commission.

- **Policy review or specialist** – boards that have a policy or coordination role. For example, the State Emergency Management Committee.

- **Regulatory, registration or appeal** – boards which determine matters of significance and make independent decisions which affect large groups. For example, the Pharmacy Registration Board of Western Australia.

- **Stewardship** – boards that manage public assets or trusts. For example, the Aboriginal Land Trust.

- **Advisory or consultative** – boards which provide independent or expert advice on strategic or significant matters. For example, the Mental Health Advisory Council.
What Did We Find?

Principle 1: Appropriate governing roles are understood and enacted

The board is the core of an agency’s governance framework. A board charter is generally developed to guide board members and to help ensure the risk of non-compliance with accountabilities and obligations is managed.

As boards are accountable to their Minister, the alignment of the Minister’s expectations and the board’s intent is critical to functional governance.

![Diagram of Governance Roles]

We found

All boards understood their governing roles. Specifically, all had:

- an approved and current board charter or similar document
- clearly documented the roles and obligations of the Minister, board, board Chair, and agency CEO
- developed a strategic plan or statement of corporate intent
- good relationships with their Minister. Chairs of all boards confirmed they understood the expectations of their Minister. Interviews with ministerial staff who had dealings with five of the boards confirmed this.

Principle 2: The board is structured to fulfil the required role

The skills and knowledge of board members, and those supporting it, determine the efficiency and effectiveness of a board.

Further, succession planning for board members is crucial to maintaining a stable governance structure, continuity of business and to achieving required outcomes during changes in board membership.
We found

All boards were structured to perform their required role. Specifically:

- members were appointed in accordance with the requirements of their enabling legislation
- membership was sufficiently diverse to undertake the work required of them
- two boards had hired a professional agent to assist them in a merit based selection process
- committees created to support the boards had approved terms of reference, appropriate membership and clear processes they used to report to their boards.

However, two areas for improvement were identified:

- three boards considered the legislation which determined the nature and type of their board’s representation outdated and constraining. They were of the opinion that legislation could be more flexible, rather than require, for example, representatives from specific industry or interest groups. All of these boards had started to address constraints they had identified in their enabling legislation
- no board had a documented succession plan and our survey finding applies more broadly across the public sector (refer to Figure 3). Interviews with CEOs and board chairs confirmed all were working to identify skills that would benefit their board.

![A succession plan is in place to identify the skills needed by the board](image)

Figure 3: Principle 2 – The board is structured to fulfil the required role

**Principle 3: The responsibilities of the board members are understood and enacted**

When a member is appointed to a board, they accept responsibilities and obligations as an individual member of the board and also as part of the collective board. Effective induction processes prepare members to undertake their duties and reduce the risk that they will act outside of, or in conflict with, their responsibility.

Policies, such as those concerned with the conduct of board members and management of their potential and actual conflicts of interest, provide guidance to members on the behaviour expected of them.
We found

Boards with enabling legislation which require industry or supplier representation on the board were careful to transparently manage these conflicts. In particular, we saw in our review of board minutes that these conflicts were identified and appropriately managed during the meeting and after in the redacting of material from the minutes.

However, boards generally need to improve the assistance they give to members to help them understand their responsibilities including how to recognise and manage potential and actual conflicts of interest. In particular:

- three boards formally inducted their members. The other three boards used informal induction meetings with the agency CEO and board Chair and kept no record of the induction content. Our survey finding applies more broadly across the public sector (refer to Figure 4)

- one board did not require members to declare their conflicts of interest at the start of board meetings, and did not require members to complete conflicts of interest declarations

- four boards did not enter conflicts of interest declared by members in a central register, while five boards did not include a summary of conflicts declared by members in the board agenda

- one board approved its recently retired Chair to perform a small amount of ongoing paid work for them. Although they considered him to be the best person to perform the work, their consideration of the potential risks were not documented. Further, no board member declared a conflict of interest in relation to the decision and no probity review of the decision was undertaken.

There is a comprehensive induction program in place for new board members

![Figure 4: Principle 3 – The responsibilities of the board members are understood and enacted](image)

Principle 4: The relationship between the board and the CEO is effective

An effective working relationship between the agency CEO and the board is critical to the successful performance of the agency and to the functionality of the governance framework. CEO performance agreements, developed between the board and the agency CEO, generally include key performance indicators and help to avoid confusion over roles that might lead to dysfunctional tension.

Also, a document which defines the functions delegated by the board to the agency CEO assists with transparency.
We found

All boards had effective relationships with their agency CEOs. Specifically:

- all boards had performance agreements with their agency CEO that clearly set out the role of the CEO and the performance expectations
- five of the six boards had documented the functions delegated by the board to the agency CEO or others.

However, a small number of survey respondents disagreed that their board had ‘an agreed framework which supports open communication between the board and CEO’ (refer to Figure 5).

![There is an agreed framework which supports open communication between the board and the CEO](image)

**Figure 5: Principle 4 – The relationship between the board and the CEO is effective**

**Principle 5: The dynamic within the board is effective**

Board dynamics are influenced by the energy of the board members, their interactions, interests and passions. However, for this to be functional it must be underpinned by respect and tolerance.

Rigorous scrutiny of information and issues put before the board may require some difficult debate. However, if the positive dynamics of the board are replaced with conflict and a reluctance on the part of board members to participate, their capacity to make decisions will be compromised.

We found

Comments made by board Chairs and agency CEOs indicated they were all satisfied with the dynamic of their board. They also:

- all referred to the role they played in the nurturing of effective board member relationships
- generally confirmed their board members arrive at decisions through open and professional debate and that members were respectful of each other
- recognised the dilemma that the passion, interest and civic mindedness which brings members to the board and drives their scrutiny of issues put before them, can also cause strong feelings that need to be managed.
Principle 6: Stakeholders are identified, understood and respected
Open and effective systems and procedures which allow stakeholders to present their concerns or issues to the board are necessary to help balance the board’s perspective. If, in its decision-making, the board fails to consider the legitimate interests of a key stakeholder group, a decision could result that is not in the best interest of the agency.

It is common for the interests of stakeholder groups to conflict with one another or compete for recognition. Transparent and effective communication is essential to the gaining of stakeholder trust and confidence.

We found
All boards had:
• procedures or practices for considering stakeholder interests in their decision-making
• transparent and accessible processes to make the board aware of stakeholder complaints.
No formal complaints had been made about any of the boards reviewed, either through their agency or to their Minister.

Principle 7: The board is appropriately engaged in strategy
The purpose of a board is to determine the short and long term strategy of the agency to achieve identified goals.

The internal environment of the agency, such as its budget, staff and culture may change over time. Also, changes to the agency’s external environment, such as a shift in government policy or Minister, can have significant impacts. Routine strategic planning ensures the intended goals remain current and achievable and that risks to their achievement are adequately addressed.

We found
All boards engaged in strategic planning and had:
• developed a current strategic plan, or like document, to guide the agency
• documents which outlined their role and scope of engagement in their agency’s strategic planning (for example, board charter or board manual)
• undertaken strategic planning workshops to better understand the strategic environment within which their agency operates.

Principle 8: The board monitors risk, finance and performance effectively
A key responsibility of a board is to monitor the performance, risk and finances of the agency and appreciate the relationship between them. Effective practices and procedures to identify and mitigate risks are critical to ensuring the board and agency can react to changes in their environment.

Financial management of an agency, in particular, is required to comply with significant government requirements. Two common practices that boards use to ensure compliance with these requirements are the implementation of appropriate internal controls and the appointment of a specialist sub-committee of board members. These help to ensure financial performance is sufficiently monitored and protected against risks such as fraud, and breaches of legislation and other government requirements.
We found

Overall, all boards monitored their risks, finances and performance effectively. In particular:

- all boards devoted time in their meeting agendas to understand and consider risks to the board and the agency
- five of the six boards had established committees with clear terms of reference to focus on audit and finance functions. The sixth board was confident that they had the expertise on the board to review and interpret the financial information of their agency
- the agencies of all six boards maintained risk registers that identified risks to the agency and strategies to manage them. One agency created its register during the audit
- the key performance indicators in the six agency CEO performance agreements were linked to the objectives in the strategic plan or similar document.

However, some areas for improvement were identified:

- two boards limited their identification and monitoring of risk to those of an operational nature and did not routinely identify and monitor governance or strategic risks, such as risks associated with the sustainability or reputation of the agency
- responses to the survey show some disagreement that respondent’s boards devoted time in their agenda to consider risk, or to conduct a risk governance review on a regular basis, or to link performance reporting to objectives set out in the strategic plan (refer to Figure 6).

Figure 6: Principle 8 – The board monitors risk, finance and performance effectively
Principle 9: The board engages in accountable and ethical decision-making

The value of board decisions rests on the right people having the right information at the right time. If board decisions are perceived to be unethical or based on poor information then the credibility and performance of the board and their agency may be jeopardised.

We found

All boards had developed good processes to ensure board meeting agendas were focused. Further:

- four of the six boards consistently circulated the agenda and papers in advance with sufficient time allowed for reading. The other two boards were working to address this issue
- the minutes kept of board meetings for the six boards were found to be clear and concise
- the six boards kept a record of their decisions or actions and monitored progress.

However, processes to ensure decision-making is ethical could be improved. In particular:

- five of the six boards had developed a code of conduct, but only one provided training in the code during induction of new board members
- only one board required its members to sign their commitment to the code of conduct and kept it as a record.

Principle 10: The board and the board member’s ability to add value is consciously and continuously developed

Members are appointed to boards because they bring personal, professional or technical knowledge and expertise that adds to the capacity of the board to undertake its work effectively. However, this does not mean they understand all areas of the board’s responsibilities. For instance, an academic known for work in their discipline may require some support to better understand the governance role and accountability requirements of the board.

Boards should evaluate their performance at least annually to assess, for example, the extent to which members continue to remain independent in character and judgement.

When identified, gaps in the performance of the board or its members should be addressed and resources put towards providing suitable support. This will help to ensure the board remains effective and efficient.

We found

All boards could improve their evaluation of performance or the development of their members. Specifically:

- while four of the six boards had undertaken an evaluation of their governance practices, none of these boards provided professional development to board members based on the results of the evaluation
- one board had not evaluated the performance of the board or its members
- one other board evaluated how its members were performing and linked this to their professional development. However it did not evaluate how well the board performed its governance functions
- the responses to our survey apply more broadly across the public sector (refer to Figure 7).
There are evaluation processes in place to evaluate the performance of the board and its members at least once annually.

Opportunities for board members to upskill are linked to evaluation processes.

Figure 7: Principle 10 – The board and the board member’s ability to add value is consciously and continuously developed

Principle 11: Board members are recognised fairly and appropriately

The Minister generally determines the rate of any remuneration paid to a board’s members and the Chair, based on the recommendation of the Public Sector Commissioner. The authority to pay the remuneration comes from either legislation or Cabinet endorsement.

Reimbursements to board members are paid to offset any costs incurred when meetings are attended or board related business is undertaken. These payments are guided by public sector policy.

The purpose of legislation and other material developed to guide the payment of fees and reimbursements to board members is to establish controls around the rates paid and provide transparency.

We found

The remuneration and reimbursement of all boards’ members aligned with a decision of the Minister or Cabinet endorsement.

However, we identified areas where recordkeeping could be improved:

- one board, although able to show they paid remuneration commensurate with the Minister’s decision, did not know if they had received Cabinet endorsement. This board also had created a committee to support their work. Although the rate of remuneration they paid to the Chair of this committee aligned with that decided by the Minister for other committees,
they were not able to show that the Minister had decided the rate to be paid to the Chair of the new committee, or that Cabinet endorsement had been received for creation of the committee, the appointment of the Chair, or the remuneration rate.

- one board was unable to show the rates they were remunerated were based on a Ministerial decision, but was able to show they had received Cabinet endorsement.

**Figure 8: Board members believe they are recognised fairly and appropriately**
Appendix 1

Pilbara Development Commission (PDC) Board  
*Regional Development Commission Act 1993*

The PDC leads and supports the economic and social infrastructure development of the Pilbara Region to sustain the growing Pilbara population.

The PDC Board has a Chairman, Deputy Chairman and up to eight other members. Three of the members are chosen from community nominations, three from local government nominations and three are nominated by the Minister. They are appointed for one, two or three year terms at the discretion of the Minister, but may only serve on the board for a maximum of six consecutive years.

Perth Market Authority (PMA) Board  
*Perth Market Act 1926*

The responsibilities of the PMA Board include:

- establishing and maintaining a public market for the handling, grading, storing, disinfecting, selling or disposing of general produce
- managing the land held by the PMA for the purpose of providing the commercial, business, trade and other facilities it considers necessary or desirable for the convenience of those using the markets.

The PMA Board has seven members appointed by the Minister for three year terms. At least one member is appointed from each of the growers, wholesalers, buyers and consumer groups.

Port Hedland Port Authority (PHPA) Board  
*Port Authorities Act 1999*

The PHPA Board is responsible for governing the PHPA. This includes determining the PHPA policies and controlling the affairs of the port authority.

The current PHPA Board has six members appointed by the Minister, including one member appointed on the nomination of industry.

The PHPA Board will cease to function from July 2014. The Pilbara Port Authority comprising the ports of the Pilbara region will assume authority for the governance of the Pilbara ports. The current chair of the PHPA will take over as Chair of the new Pilbara Port Authority.

WA Museum Board of Trustees  
*Museum Act 1969*

The WA Museum is responsible for the preservation and interpretation of items relating to the history and development of Western Australia and its people. The general powers of the WA Museum Board of Trustees include control and management of the WA Museum and all its:

- lands and premises
- specimens, exhibits and other personal property
- areas, archaeological or anthropological sites and preservation responsibilities.

There are eight Trustees. Seven are appointed by the Governor for a renewable term of four years while the Director General is a Trustee ex officio with the same rights and responsibilities of the seven appointed Trustees. Further, the Governor appoints one Trustee to be Chair. There is no limit on the number of four year terms a Trustee may hold.
Independent Market Operator (IMO) Board  *The Electricity Industry Act 2004/Gas Services Information Act 2012*

The IMO administers and operates the Wholesale Electricity Market (WEM) of the State. Broadly, the IMO’s objectives regarding the WEM are to promote the efficient, safe and reliable production and supply of electricity and related services in the South West inter-connected system (SWIS).

In 2011 the IMO was appointed to also administer and operate the Gas Services Information for WA’s natural gas. IMO is the operator of two information services for the state’s natural gas market: the Gas Bulletin Board and a Gas Statement of Opportunities. The objectives of the Gas Bulletin Board and a Gas Statement of Opportunities are broadly to promote the long term interests of consumers and natural gas in relation to the security and efficient operation of the state’s natural gas supply, and efficient investment in the state’s natural gas services.

The IMO Board is comprised of four members appointed by the Minister. The fourth board member was appointed by the Minister in May 2013 to support the board’s new responsibilities under the Gas Services Information Regulations and Rules.

Rottnest Island Authority (RIA) Board  *Rottnest Island Authority Act 1987*

The Rottnest Island Authority was established for the control and management of Rottnest Island, and for the purpose of:

- providing and operating recreational and holiday facilities on the Island
- protecting the flora and fauna of the Island
- maintaining and protecting the natural and the man-made resources of the Island.

The RIA Board are members appointed for terms not more than three years. While the board Chair and five members are appointed by the Governor on the nomination of the Minister the RIA Act is clear that at least:

- one board member has practical knowledge and experience in the conservation of the environment
- one board member has practical knowledge and experience in the preservation of historic buildings
- one board member is of sound commercial experience
- one board member is a regular user of the Island for recreational purposes.
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