



# CORPORATE GOVERNANCE MANUAL

Attachment: 1 POT 1000-040058 – Protocol for Board Meetings

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# 1. PURPOSE

Responsibility for fulfilling legislative corporate governance obligations rests with Directors and Officers of the Port of Townsville Limited (the Corporation). In recognition of the importance of best practice corporate governance, the Corporation has developed this Manual which outlines the Corporation's corporate governance framework.

## 2. SCOPE

This Manual is approved and issued by the Board of Directors. Reviews and updates are the responsibility of the Governance and Legal Advisor. All Directors and Officers are to refer to this Manual.

## 3. CORPORATE GOVERNANCE OVERVIEW

### 3.1 Corporate Governance Framework

The Corporation is a Queensland Company Government Owned Corporation (GOC) established in its current form on 1 July 2008 under the *Government Owned Corporations Act 1993* (as amended by the *Government Owned Corporations Amendment Act 2007*) (GOC Act). There are a number of statutes that the Corporation is required to comply with, however the following set the core legislative framework in which the Corporation operates: -

- *Government Owned Corporations Act 1993* (Qld) and Regulations;
- *Transport Infrastructure Act 1994* (Qld) and Regulations;
- *Financial Accountability Act 2009* (Qld) and Regulations ;
- *Financial and Performance Management Standard 2009* (Qld); and
- *Corporations Act 2001* (Cth) and Regulations.

Corporatisation was undertaken so that the Corporation could operate, as far as practicable, on a commercial basis and in a competitive environment while providing for continued public ownership. There are four (4) key principles of corporatisation that must be applied by the Corporation: -

- Clarity of objectives;
- Management autonomy and authority;
- Strict accountability for performance; and
- Competitive neutrality.

The Corporation has two (2) shareholding Ministers, namely the Treasurer and Minister for Employment and Economic Development (the Hon. Andrew Fraser MP), and the Minister for Transport (the Hon. Rachel Nolan MP).

The Corporation's corporate governance framework has been developed based on the *Corporate Governance Guidelines for Government Owned Corporations (February 2009)* which has been drafted having regard to the following:

- *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2<sup>nd</sup> Edition* (ASX Principles);
- *Auditor-General's Report No. 2 2002-2003 – Review of Corporate Governance and Risk Management at Government Owned Corporations;*
- *Auditor-General's Report No. 10 2002-2003 – Review of Management's Assessment of Fraud Control Risks and Associated Plans and Procedures;*
- *OECD Principles of Corporate Governance;* and

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- *Crime and Misconduct Commission (Qld) and Independent Commission Against Corruption (NSW) – Managing Conflicts of Interest in the Public Sector – Guidelines and Toolkit.*

### 3.2 Corporate Governance Statement

Corporate governance can be explained as the processes by which organisations are directed, controlled and held to account.

Good corporate governance assists an organisation to achieve its outcomes and obligations through sound planning and risk management. It assists in decision making and improves accountability. Further, it provides a framework for establishing responsibilities the Corporation has to its various stakeholders.

The Corporation and its Board takes its responsibility to pursue efficient, effective and accountable port management very seriously. The Corporation is committed to achieving and demonstrating the highest standard of corporate governance.

### 3.3 Transparency

Corporate governance and its application should be transparent both to employees and to stakeholders outside the Corporation. The Annual Report includes, under the heading "Corporate Governance", a summary of the principal aspects of the Corporation's corporate governance framework.

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## 4. ROLES AND RESPONSIBILITIES

The Board has adopted the following framework by which the Board, Chief Executive Officer (CEO), Senior Executives and Senior Management carry out their respective duties and functions.

### 4.1 Board of Directors

#### 4.1.1 Board Structure and Appointment of Directors

The Corporation's Board of Directors are appointed by the Government on the recommendation of shareholding Ministers. At present, the Board is comprised of eight (8) Directors, including: -

- Chair
- Deputy Chair
- Six (6) Directors

Directors hold their office on the terms of appointment determined by the Governor in Council (on the recommendation of shareholding Ministers). A Director may resign from office by signed notice given to shareholding Ministers. Shareholding Ministers may at any time terminate the appointment of all or any Directors of the Board for any reason or none.

Current Directors and tenure details are shown below.

Name	Position	Initial Appointment	Last Re-Appointed	Appointment Expiry
Mr Ross Dunning AC	Chair	1 October 2007	Not Applicable	30 September 2010
Prof. Stephen Graw	Deputy Chair	1 July 2001	1 July 2009	30 September 2012
Ms Melissa Griffith	Director	1 July 2005	1 October 2009	30 September 2012
Mr Michael Stolz	Director	7 May 2009	Not Applicable	30 September 2011
Mr Stephen Cantwell	Director	7 May 2009	Not Applicable	30 September 2011
The Honourable Tony McGrady AM	Director	7 May 2009	Not Applicable	30 September 2011
Ms Diane Zetlin	Director	1 July 2009	Not Applicable	30 September 2012
Mr Rabieh Krayem	Director	1 October 2009	Not Applicable	30 September 2012

#### 4.1.2 Director Induction Process and Ongoing Training

As part of the induction process, the Corporation provides Directors with a Board Handbook which includes the following documents:

- the Corporate Governance Statement;
- the Corporate Governance Manual;
- the Authorities and Delegations Policy;
- the Code of Conduct;
- the Directors' and Officers' Duty Manual;
- the Declarations of Interest Policy;
- a Declaration of Interests form for completion;
- a Board Assessment form;
- Annual Reports for the previous three financial years;
- the Statement of Corporate Intent (SCI) for the relevant financial year;
- the Corporate Plan for the relevant financial year;
- the Fraud and Corruption Control Policy;
- the operating and capital budgets for the relevant financial year;

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- the Succession Plan;
- the Committee and Internal Audit Charters;
- the Acceptable use of IT policy;
- the Risk Management Guidelines;
- the Risk Management Policy;
- the Strategic Risk Register;
- a Board contact sheet;
- a meetings calendar; and
- the Corporation's contact sheet.

The Corporation also arranges expert training in Directors' and company Officers' duties and responsibilities as part of the induction process for newly appointed Directors to enable them to participate fully and actively in management decision-making at the earliest opportunity.

The Corporation is committed to the ongoing development of Directors' professional training and knowledge to ensure that they have the best possible skills and tools to provide professional leadership to the Corporation. Directors are encouraged to undertake additional training in either Port specific matters or in relation to their position as a Director, with such training to be fully or partially compensated by the Corporation where approved by the Chairperson.

#### 4.1.3 Role of Board

The role of the Board based on section 92 of the GOC Act and AS8000-2003 includes: -

- Strategic direction of the Corporation, including the development and approval of the 5-yearly Corporate Plan and annual SCI;
- ensuring that, as far as possible, the Corporation achieves, and acts in accordance with its Corporate Plan and SCI and carries out its objectives outlined in its Corporate Plan and SCI;
- accounting to the Corporation's shareholders for its performance as required by the Act and other laws applying to the Corporation; and
- ensuring that the Corporation otherwise performs its functions in a proper, effective and efficient way.

Responsibilities of the Board include: -

- responsibility for the Corporation's commercial policy and management;
- approval of budgets and other performance indicators and performance against them;
- approval of major decisions and, where appropriate, make recommendations to shareholding Ministers;
- ensuring compliance with applicable laws;
- ensuring risks facing the Corporation have been identified, assessed and that the risks are being properly managed;
- ensuring that policies on key issues are in place and are appropriate, including reviewing compliance;
- approving and fostering an appropriate culture matched to the Corporation's values and strategies;
- recommending the appointment of the CEO to the Governor in Council, and evaluation of the CEO's ongoing performance against predetermined criteria;
- determining appropriate remuneration arrangements for Senior Executives in accordance with relevant policies and standards, ensuring shareholding Ministers are at all times consulted and informed in writing;
- succession planning for critical positions;
- serving on subcommittees as required;
- ensuring that corporate governance practices are in accord with best practice and appropriate for the entity and that compliance is appropriately monitored; and
- promoting the reputation of the Corporation and not act in a manner that may damage the Corporation's reputation.

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#### 4.1.4 Delegation of Functions and Powers

Functions and powers of the Board may be delegated to<sup>1</sup>: -

- a Director; or
- a Committee of the Board; or
- the CEO; or
- an “appropriately qualified” (including having qualifications, experience or standing appropriate to exercise the power) employee of the Corporation.

The Board has developed this Corporate Governance Manual to clearly set out the roles and responsibilities of the Board, CEO and Senior Management. The Board has also made delegations of Corporation which are set out in the *Authorities and Delegations Policy*.

#### 4.1.5 Director Remuneration

Remuneration for Directors is determined in accordance with a framework approved by the Government. Shareholding Ministers make a recommendation to the Governor in Council regarding the appropriate remuneration for each Director.

The Government has also set a framework by which other terms and conditions are determined for Directors, including those for Board Committee establishment, remuneration of Committee members, and motor vehicle use by Chairs.

Deputy Chairs are not to receive a premium over the rate afforded other Directors. However, there is provision for circumstances where a Deputy Chair is required to assume the full range of duties of the Chair (i.e. more than simply chairing a Board meeting). In these circumstances, the Chair’s fee is payable for the period the Deputy Chair acts as Chair.

For more information refer to the *Remuneration Guidelines for Directors and Senior Executives in GOCs*. Remuneration details are published in the Corporation’s Annual Report under the Corporate Governance section as part of the Corporation’s commitment to transparency.

#### 4.1.6 Legal Obligations and Ethics

In accordance with the requirements set out in Part 12 of the GOC Act, Part 2D.1 of the *Corporations Act 2001* (Cth) (*Corporations Act*) and agreed ethical standards, Directors and Officers will: -

- to avoid placing themselves in a position of actual or perceived conflict whereby a personal interest or duty conflicts with their overall duty to the Corporation;
- disclose the nature of any interest they may have (either direct or indirect) in a matter being considered, or about to be considered, by the Board as soon as practicable after the relevant facts come to the Director’s knowledge;
- not vote on or being present while a matter is being considered by the Board that the Director has a material personal interest in, unless the Board has passed a resolution allowing the Director to vote on or be present during consideration of the matter;
- act in good faith, honestly and in the best interests of the Corporation;
- act honestly in the exercise of powers and discharge of functions as a Director of the Corporation;
- exercise the degree of care and diligence and with commercial reasonableness that a reasonable person in a like position would exercise;
- not make improper use of information acquired because of his or her position as a Director of the to gain (directly or indirectly) an advantage for himself or herself or for another person, or to cause detriment to the Corporation;

<sup>1</sup> *Government Owned Corporations Act 1993* (Qld), section 93; *Corporations Act 2001* (Cth), section 198D.

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- not make improper use of his or her position as a Director to gain (directly or indirectly) an advantage for himself or herself or for another person, or to cause detriment to the Corporation;
- not make false or misleading statements or provide a document containing false or misleading information or that is incomplete in a material particular to officers of the Corporation or shareholding Ministers that the Director knows to be false or misleading;
- make all reasonable enquiries to ensure the entity is operating efficiently, effectively and within the law to achieve its goals;
- undertake a diligent analysis of all proposals placed before the board; and
- prevent insolvent trading by not taking part in the Corporation's management if there are reasonable grounds to suspect that the Corporation may become insolvent.

Penalties are prescribed under the *Corporations Act* for contravention of the above duties.

The Corporation has in place a Code of Conduct which details the Corporation's expectations of all employees. The Code of Conduct applies to Directors, the CEO and Senior Managers. The Code of Conduct details actions that will be taken where breaches of the Code occur.

The Corporation also has in place a Disclosure of Interests Policy and procedures for identifying, disclosing, evaluating and managing any conflicts of interest (including shares and interests in companies that the Corporation has dealings with). A Company Dealings Register is also maintained to assist Directors and Officers in identifying potential conflicts of interest. A register of disclosed interests is maintained by the Corporation.

#### Environmental

Directors and Officers may be personally liable for environmental offences committed by the Corporation. Examples of offences include air, water, noise, land pollution, failing to comply with environmental approvals, failing to comply with remediation orders and acting without consent.

#### Occupational Health and Safety

Directors and Officers are deemed to be in breach if the Corporation breaches its obligations relating to the health, safety and welfare of persons working for them or on their premises. Examples of obligations include duties to ensure:

- premises and equipment or substances used are safe and without risk to health;
- there is a safe system of work and working environment;
- information, training and supervision necessary to ensure employees' health and safety are provided; and
- facilities adequate for employees' welfare are provided.

#### Contraventions of *Trade Practices Act*

Directors may be personally liable for breaches of the *Trade Practices Act 1974* (Cth) by the Corporation if they are involved in a contravention. Examples of contraventions include engaging in misleading or deceptive conduct (s 52), price fixing (ss 45, 45A) and exclusive dealing (s 47). Directors are "involved" in a contravention if they aid, abet, counsel or procure it, they induce it, they have been directly or indirectly knowingly concerned in it or they conspire with others to effect it (s 76). A failure to make adequate inquiries where there are suspicious circumstances may be enough to trigger a breach or an inquiry by the Australian Competition & Consumer Commission.

A detailed outline of Directors and Officers duties is outlined in the Corporation's *Directors and Officers Duties Manual*.

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#### 4.1.7 Independent Advice

An individual Director who has concern with respect to a particular matter before the Board or their duties and responsibilities as a Director may, after discussion with the Chairperson and advising the CEO, obtain independent professional advice at the Corporation's expense. Such advice is to be made available to all other Directors.

#### 4.1.8 Declaration of Interests

Directors are required to disclose any direct or indirect interest they have at the commencement of their appointment as a Director by submitting a *Statement of Interests Form* to the Chairperson or CEO as appropriate.

Pursuant to section 134 of the GOC Act and section 191 of the *Corporations Act*, if a Director has a direct or indirect interest in a matter being considered, or about to be considered, by the Board, the Director must disclose the nature of the interest to the Board as soon as practicable after the relevant facts come to the Director's knowledge.

The Board regularly assesses the ongoing independence of each Director and the Board generally to ensure that they continue to exercise unfettered and independent judgment. This ensures that the interests of the shareholding Ministers and the public are properly protected and that individual vested interests do not have the opportunity to influence decision-making against the interests of the Corporation as a whole.

The assessment of the independence of a Director, including materiality thresholds, is a matter for the Board to determine. The Board has arrangements in place for determining materiality thresholds and for assessing a Director's independence in light of interests disclosed by them.

Disclosure at a meeting of the Board is further dealt with in the *Protocol for Board Meetings*.

#### 4.1.9 Board Meetings

Board meetings provide the key forum for Directors to discuss issues facing the Corporation, make decisions and make enquiries of the CEO and Senior Managers in relation to their report to the Board. Board meetings are usually attended by Directors, the CEO, with Senior Managers providing a verbal report to the Board. Other people attend meetings at the invitation of the Board.

Board meetings are generally held on the third Tuesday of each month, except in January when no meeting is held. Directors and Officers are to follow the processes and adhere to conduct outlines in the *Protocol for Board Meetings (Attachment 1)*.

#### 4.1.10 Board Evaluation

Ongoing Board performance evaluation assists in developing a culture of learning and accountability within the Board. Board evaluations assist in addressing performance gaps, clarifying potential or existing problems, identifying the cause of problems and providing the opportunity to propose strategies for addressing concerns.

The Chair continuously monitors the performance of individual Directors, the Board and Committees. Directors are to conduct an assessment of their own and the Board's collective performance on a regular basis. The review includes an assessment of both qualitative and quantitative aspects of the adequacy of information provided to the Board and level of satisfaction with agendas, reports, meeting processes etc.

The assessment enables Directors to ensure the effective discharge of their duties and identify self-improvement or process improvement opportunities that can be pursued to enhance the overall performance of the Board.

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As part of this process a *Board Assessment Form* is completed by each Director. The outcomes of the assessments are maintained in a register. The results of the assessments are also communicated to the Board by the Chairperson. Following Board deliberation of the periodic assessment, the Board decides on the actions necessary to enhance overall performance.

The Board may seek an independent appraisal of its performance if it is deemed that an independent review would facilitate a more effective evaluation process.

#### 4.1.11 Board and Management Relationship

The relationship between the Board and Management is critical to the Corporation’s long-term success. However problems do arise when the different interests of the Board and Management are not defined. Roles and responsibilities of Directors and Management are set out in this document and in the *Authorities and Delegations Policy*. The following principles are to be adhered to: -

- The Board is ultimately accountable for the performance of the Corporation but is not involved in the management of day-to-day business.
- Management should supply the Board with information in a form, timeframe and quality that will enable the Board to effectively discharge its duties.
- Directors will be entitled to request additional information where they consider that the information supplied by Management is insufficient to support informed decision-making. This may include seeking access to the books and records of the Corporation, and may involve consulting with management and employees as required.
- The Management function is conducted by, or under the supervision of, the CEO as directed by the Board (and by other officers to whom management function is properly delegated by the CEO).
- The Board and individual Directors are not to interfere in operational matters or other matters delegated to Management.

## 4.2 Board Committees

### 4.2.1 Committee Establishment and Remuneration

GOC Boards have the discretion to establish Audit or Staff/Industrial Relations Committees, with the level of fees being subject to shareholding Ministers’ approval, within specified limits.

Where a GOC wishes to establish a Committee, other than an Audit or Staff/Industrial Relations Committee, shareholding Minister approval is required for both the establishment and level of fees to be paid to Committee members. The level of remuneration is determined or approved by shareholding Ministers on the recommendation of the GOC Board.

The Corporation must include in the Annual Report details of Committees that have been established, the membership of each Committee, the remuneration of each Director for work undertaken in their capacity as a member of a Committee, the frequency of meetings of each Committee and attendance by Directors at Committee meetings.

The Board has four (4) formally constituted Committees to assist it in decision making, oversight and control: the Finance, Audit and Risk Management (FARM) Committee, the Human Resources and Workplace Health & Safety (HR & WHS) Committee, the Business Development and Environment Committee and the Major Project Committee. A register of Committees is maintained by the Corporation and each Committee has its own formal charter.

Each Committee established by the Board may determine the frequency and conduct of meetings of the Committee. The minutes of all Board Committee meetings are tabled and any recommendations considered at the next scheduled Board meeting.

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#### 4.2.2 Human Resources and Workplace Health & Safety Committee (HR & WHS)

Comprising at least three (3) Directors, with the Chairperson as an ex officio member (if not already a member), the HR & WHS Committee performs the following functions: -

- Reviewing and advising the Board of Directors in relation to remuneration policies and practices to ensure effectiveness, integrity and compliance with Government policy and to ensure that the overall remuneration policy and approach fits the strategic objectives of the Corporation. The Committee will periodically review all policies covering fixed remuneration, incentives and any remuneration related reward systems;
- Evaluating and advising the Board of Directors on the performance of designated Senior Executives, including the CEO;
- Reviewing and advising the Board of Directors on the Corporation's management succession plan;
- Developing and implementing procedures for the Board's periodic evaluation of its performance and effectiveness, and overseeing implementation of recommendations from these reviews;
- Monitoring and evaluating the effectiveness of the policies and processes in place to effectively manage human resources, industrial relations and workplace health and safety matters in the workplace, and ensuring they are sensitive to general concerns of shareholding Ministers, employees, government and unions;
- Evaluating compliance with statutory responsibilities and applicable policies relating to human resources, employment, industrial relations and workplace health and safety matters;
- Responding to emerging issues relating to HR, IR and WH&S that have the potential to impact upon the Corporation (e.g. changes in legislation or Government policy); and
- Liaising as necessary with the FARM Committee in relation to human resources, industrial relations and safety matters.

The HR & WHS Committee has established a formal charter to guide its operation.

#### 4.2.3 Finance, Audit and Risk Management Committee (FARM)

Consisting of not less than three (3) or more than six (6) persons appointed by the Board, the FARM Committee's core duties are to: -

- Assess and contribute to the audit planning processes relating to the risks and threats to the Corporation, taking into account the financial and operational environment in which it operates and its performance management framework;
- Assess and enhance the Corporation's corporate governance, including its systems of internal control and the internal audit function;
- Evaluate the quality of, and facilitate the practical discharge of the internal audit function, particularly in respect of planning, monitoring and reporting;
- Through the internal audit function, oversee and appraise the Corporation's financial and operational reporting process;
- Monitor and evaluate the risk management systems in place to protect the Corporation, including reviewing the adequacy of insurance policies in place; and
- Monitor and evaluate the effectiveness of the Corporation's compliance framework to ensure compliance with applicable laws, regulations, standards and best practice guidelines.

The FARM has an established formal charter to guide its operation.

#### 4.2.4 Business Development and Environment Committee

Comprising at least three (3) directors, and from time to time, up to two (2) members external to the Corporation, the Business Development and Environment Committee's responsibilities include: -

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- Reviewing the development and implementation of strategic business development initiatives and ensuring business development policies and procedures are consistent with the strategic planning and development objectives of the Corporation;
- Monitoring the progress of trade projections against the Corporation's SCI, Corporate Plan and other strategic plans;
- Reviewing and making recommendations to the Board of Directors on trade and business growth opportunities and customer relations activities;
- Ensuring appropriate health, safety and environmental management practices are implemented for capital works to comply with the Corporation's policies and relevant legislation;
- Reviewing the adequacy and effectiveness of the Corporation's environmental management strategies, plans and policies;
- Monitoring compliance with the Corporation's planning strategies/protocols and environmental licenses and policies;
- Monitoring compliance with the Corporation's environmental reporting obligations to the Environmental Protection Agency and other regulatory authorities;
- Evaluating compliance with statutory responsibilities and applicable policies relating to business development, project management and procurement and planning and environment matters;
- Responding to emerging issues relating to business development, project management and planning and environment that have the potential to impact upon the Corporation (e.g. changes in legislation or Government policy); and
- Liaising as necessary with the FARM Committee, Major Projects Committee, or the HR & WHS Committee in relation to business development and environment matters.

The Business Development and Environment Committee has an established formal charter to guide its operation.

#### 4.2.5 Major Projects Committee

Comprising at least three (3) Directors, with the Chairperson as an ex officio member (if not already a member), the Major Projects Committee performs the following functions: -

- Oversight of the delivery of those major infrastructure projects delegated to the Committee by the Board of Directors, including making decisions as and when required without further reference to the Board of Directors, up to a limit of \$2 million per occurrence; and
- Monitor and evaluate the risk management systems in place to protect the Corporation during construction of major infrastructure projects.

#### 4.2.6 Committee Evaluation

In accordance with good governance principles Board Committees are reviewed and assessed on an annual basis to facilitate progression and improvement in overall performance. Annually the Chair of the Committee shall assess the performance of the Committee and take appropriate action in respect of areas where there is a perceived need for enhancement of its role, operational processes or membership.

At least once every three (3) years an appropriately qualified person undertakes a peer review of the Committee's operations and activities. The results of the review are reported directly to the Board of Directors. The Committee Chair is responsible for actioning the performance evaluation and may obtain assistance if required.

The Committee consults with the Board to analyse results and develop strategies for improving areas of concern. A key outcome of the Committee evaluation process is the setting of a series of goals to guide activity over the coming year, as well as a review and update of the Committee Charter.

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## 4.3 Chairperson

### 4.3.1 Appointment of Chairperson

The Governor in Council (on the recommendation of shareholding Ministers) may appoint a Director to be the Board's Chairperson, and another person to be the Board's deputy Chairperson.

### 4.3.2 Role of Chairperson

The Chairperson is a non-executive Director of the Corporation. The Chairperson's responsibilities, duties and liabilities are consistent with those of the other Directors constituting the Board. The Chairperson has the additional responsibilities and functions provided in the *Protocol for Board Meetings*.

The Chairperson is to act in accordance with the limits of authority set out in the *Authorities and Delegations Policy*.

## 4.4 CEO

### 4.4.1 CEO Appointment and Remuneration

The CEO is a Senior Executive for the purposes of the GOC Act. The CEO is to be appointed by the Governor in Council on the recommendation of the Board.<sup>2</sup>

The Chairperson may appoint a person to act as CEO during a vacancy in the office, or during any or all periods when the CEO is absent from duties or unable to perform the functions of the office.

The CEO holds office on the terms of appointment determined by the Board in relation to matters not covered by the GOC Act. The Chairperson and deputy Chairperson undertake an annual performance review of the CEO, and make a recommendation to the HR & WHS Committee regarding any salary increases and performance payments. The HR & WHS Committee will review the performance assessment and quantum of any increase and make a recommendation to the Board. Remuneration for the CEO, including any increase and/or performance payment, is to be in accordance with the *Remuneration Guidelines for Directors and Senior Executives in GOCs*. Remuneration details are published in the Corporation's Annual Report under the Corporate Governance section as part of the Corporation's commitment to transparency.

The CEO may resign by signed notice given to the Chairperson. The Board may at any time terminate the appointment of the CEO for any reason or none. Such termination does not affect any rights that the CEO may have to compensation to which he/she may be entitled under the terms of his or her appointment.

### 4.4.2 Role of the Chief Executive Officer

The GOC Act prescribes the role of the CEO as to, under the Board, manage the Corporation. Responsibility for day to day activities resides with the CEO who is accountable to the Board for the efficient performance of the duties. No individual Director has authority to direct the CEO in carrying out that role.

The CEO is also broadly responsible for: -

- devising and presenting to the Board for its approval the vision and strategy of the Corporation and initiate reviews, as appropriate;
- develop action plans with the management team to achieve the vision and implement the strategy; and
- report to the Board regularly on the Corporation's progress against the vision and strategy.

<sup>2</sup> *Government Owned Corporations Act 1993* (Qld), section 102.

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Pursuant to the GOC Act, the CEO may delegate his or her powers (including a power delegated to the CEO) to an appropriately qualified employee of the Corporation.

The CEO is to act in accordance with the limits of authority set out in the *Authorities and Delegations Policy*.

#### 4.4.3 Duties of Chief Executive Officer

The duties applicable to the Directors outlined above apply also to the CEO.

### 4.5 Senior Executives

#### 4.5.1 Appointment and Remuneration of Senior Executives

Senior Executives are defined in the GOC Act as a holder of an office in the GOC that reports directly to the CEO and that is commensurate with an office held by a Senior Executive under the *Public Service Act 1996*.

Pursuant to the GOC Act, Senior Executives are to be appointed by the Board with the prior written approval of shareholding Ministers. Any organisational restructure that includes material changes to the Senior Executives requires the approval of the Board.

Remuneration for Senior Executives, including any increase, is to be in accordance with the *Remuneration Guidelines for Directors and Senior Executives in GOCs*. Remuneration details for Senior Executives are published in the Corporation's Annual Report under the Corporate Governance section as part of the Corporation's commitment to transparency.

The CEO conducts annual performance reviews of Senior Executives each year and makes a recommendation to the HR & WHS Committee regarding appropriate increases and/or performance payments. The HR & WHS Committee will review the performance assessment and quantum of any increase and make a recommendation to the Board.

#### 4.5.2 Role of Senior Executives

The role of Senior Executives is to be determined by the CEO with the approval of the Board.

Senior Executives are to act in accordance with the limits of authority set out in the *Authorities and Delegations Policy*.

#### 4.5.3 Duties of Senior Executives

The duties applicable to the Directors outlined above apply also to Senior Executives.

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## 5. BUSINESS AND STRATEGIC PLANNING

Planning is a critical element of good corporate governance. Refer to the *Business Planning Process* for more information regarding the Corporation's business planning framework. Planning documents that require specific input from and approval by the Board include: -

### 5.1 Corporate Plan

The Corporation is required to have a corporate plan<sup>3</sup>. The Board must prepare and submit a draft corporate plan to the shareholding Ministers not later than two (2) months before the start of each financial year. The Board and the shareholding Ministers must endeavour to reach agreement on the draft plan as soon as possible and in any event not later than one month before the start of the financial year.

### 5.2 Statement of Corporate Intent

The Corporation is required to have a SCI for each financial year<sup>4</sup>. The SCI must be consistent with the Corporate Plan. The SCI must specify the Corporation's financial and non-financial performance targets for its activities for the relevant financial year, and include the following: -

- Community Service Obligations (CSOs) that the Corporation is to perform;
- costing of, funding for, or other arrangements to make adjustments relating to the Corporation's CSOs;
- the nature and extent of CSOs;
- the ways in which, and extent to which, the Corporation is to be compensated by Government for performing its CSOs; and
- the Corporation's employment and industrial relations plan.

### 5.3 Employment and Industrial Relations Plan

The Board must ensure that an Employment and Industrial Relations Plan is developed specifying the arrangements for all major employment and industrial relations issues for the Corporation<sup>5</sup>. The Plan must include the following matters: -

- the Corporation's remuneration arrangements, including remuneration payable to the CEO and other Senior Executives, and any gain sharing schemes;
- other employment conditions applicable to employees;
- approximate number of employees covered by an award or industrial agreement;
- approximate number of employees employed under an employment contract;
- redundancy policies;
- superannuation arrangements for employees; and
- a summary of the outcome of consultations with government departments, interested unions and employees in relation to the Plan.

The Plan must specify measures to ensure adherence to it, and must be included in the Corporation's SCI. In preparing or reviewing the Plan, the Board must consult with: -

- the Office of the Public Service; and
- the department that deals with industrial relations; and
- interested industrial organisations and employees.

<sup>3</sup> Ibid, section 103.

<sup>4</sup> Ibid, Part 7 section 111.

<sup>5</sup> Ibid, section 171.

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The Board (through the Chairperson) must provide the shareholding Ministers with information about the outcome of the consultations.

#### 5.4 Succession Plan

Directors have established a Succession Plan as a tool for ensuring continuity of service and activities through the identification and development of employees for critical positions within the organisation.

The Succession Plan is to be reviewed by the Board annually, and also whenever a CEO, Senior Executive or Senior Manager ceases employment with the Corporation, or a major structural reorganisation takes place affecting the aforementioned positions.

#### 5.5 Monitoring Corporate Performance

One of the Board’s key functions is to monitor the performance of the Corporation against identified corporate objectives, strategic business plans and the legislative and governance framework in which the Corporation operates.

Performance in these areas is principally monitored through the following: -

- board reports provided by the CEO and Senior Executives;
- board Committees;
- internal and external audits; and
- quarterly and biannual reporting of performance against targets contained in the Corporate Plan by the Senior Executive group which are reported to the Board on a quarterly and biannual basis and submitted to shareholding Ministers.<sup>6</sup>

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<sup>6</sup> Ibid, section 130.

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## 6. FINANCIAL MANAGEMENT, REPORTING AND ACCOUNTABILITY

### 6.1 Informing shareholding Ministers

Part 11 of the GOC Act deals with reports and other accountability matters. The provisions of the *Financial Accountability Act 2009* relating to audit and the furnishing to shareholding Ministers and tabling of annual reports apply to the Corporation also.<sup>7</sup>

Generally, the Board must give to the shareholding Ministers a report on the operations of the GOC and its subsidiaries for each quarter of a financial year.<sup>8</sup>

The Board also has a positive obligation to keep shareholding Ministers reasonably informed of the operations, financial performance, financial position and any other matter which may be required.

The Board should also keep shareholding Ministers informed about key developments relating to any subsidiaries, controlled entities or investments its corporation maintains. For proposed new investments, shareholding Ministers will set pre-conditions before any approval takes place (particularly in respect of remuneration, audit and reporting arrangements).

The flow of information to the shareholding Minister required under the GOC Act should be timely to allow for consideration prior to a decision being required.<sup>9</sup>

Decisions of the Corporation may have a direct and appreciable impact on the community. To enhance public accountability of GOCs, when such decisions are made the Corporation should be in a position to publicly justify and explain the decisions.

The Chairperson should appraise the relevant shareholding Minister of sensitive or potentially contentious issues as appropriate.

Refer to the Government policy *GOC Investments and Audit and Reporting Requirements*.

### 6.2 Responsibilities of Shareholding Ministers

The departments of shareholding Ministers are responsible for: -

- negotiating outcomes of the annual performance contract or SCI as well as the five-yearly Corporate Plan;
- monitoring the commercial performance of the Corporation and determining dividend payments;
- assessing major investment proposals;
- facilitating the appointment of the Board of Directors; and
- ensuring compliance with relevant Queensland Government policies.

### 6.3 Financial Reporting and Audits

The Corporation's financial statements and reports are prepared in accordance with the provisions of the *Financial Accountability Act 2009* and prescribed accounting standards. The Corporation's FARM Committee assesses and enhances corporate governance, including systems of internal control and the internal audit function.

<sup>7</sup> Ibid, section 128.

<sup>8</sup> Ibid, section 130.

<sup>9</sup> Ibid, section 133.

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The Internal Auditors oversee and appraise the Corporation's financial and operational reporting processes to ensure a systematic and comprehensive approach to evaluating and improving the effectiveness and integrity of risk management, internal control and associated governance processes.

The FARM Committee also assess the performance and independence of the external auditor. The Auditor-General reports to Parliament as the State's independent external auditor of GOCs.

## 6.4 Annual Reporting

The Corporation is required by legislation to report annually on its affairs to both the shareholding Ministers and the Australian Securities and Investments Commission (ASIC), with specific matters to be included set out in schedule 4, Part 11, Division 3 of the GOC Act and Part 2M.3, Division 1 of the *Corporations Act*.

Other specific requirements for annual reporting are contained in the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and any other matters required to be included by shareholding Ministers.

The Annual Report required by the GOC Act must be approved by the Board prior to submission to the shareholding Ministers. The Annual Report is to comply with the provisions of section 131 of the GOC Act and briefly must: -

- contain information to enable the shareholding Ministers to make an informed assessment of the operations of the Corporation including a comparison of the performance of the Corporation with its SCI;
- state the Corporation's dividend policy for the financial year to which the report relates;
- include the SCI for the relevant financial year and any modifications made;
- include particulars of any directions and notifications given to the Board by shareholding Ministers; and
- include particulars of the impact on the financial position, profits and losses and prospects of the Corporation of any modifications to the SCI and any directions and notifications given by shareholding Ministers.

Each Annual Report must also state whether or not, in the Directors' opinion, there are, when the statement is made, reasonable grounds to believe that the Corporation will be able to pay its debts as and when they fall due.

The Corporation is also required to prepare and submit audited annual financial reports and directors' reports in accordance with Part 2M.3, Division 1 of the *Corporations Act* to ASIC.

## 6.5 Risk Management

The Board retains responsibility for risk oversight and management.

The CEO and Senior Executives are to ensure that policies and procedures are developed for the identification and treatment of all significant business and strategic risks.

The Board is to be kept informed of the risk management framework, any identified risks to the Corporation and steps that are being taken to manage risks. The risk management framework is to be regularly to ensure its effectiveness.

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## 6.6 Overseas Travel

The Corporation's Directors and Officers are subject to the *Guidelines for Overseas Travel for Official Purposes* issued by the Office of Public Service Merit and Equity.

As such, applications for overseas visits (including itineraries) should be submitted to Queensland Transport, who must then submit the recommendation to the Minister for Transport and Minister for Main Roads for approval, before the intended travel occurs. In accordance with Government policy, all overseas travel associated with trade and investment promotion is to be notified to the Department of State Development.

All other official travel is to be notified to the Department of the Premier and Cabinet. A travel report is to be submitted upon return (individual agencies may specify the manner and procedures for submitting reports). Details of any overseas travel for the year are to be included in the Corporation's Annual Report.

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## 7. COMPLIANCE AND COMPETENCE REQUIREMENTS

<b>Standard</b>	
AS8000-2003 – Good Governance Principles	
<b>Legislation</b>	
<i>Government Owned Corporations Act 1993</i> <i>Financial Accountability Act 2009</i> <i>Financial and Performance Management Standard 2009</i> <i>Corporations Act 2001 (Cth)</i>	
<b>State Government Policies</b>	
<i>Corporate Governance Guidelines for Government Owned Corporations (February 2009)</i>	
<b>Competence</b>	
Competency is a person's demonstrated ability to apply the necessary knowledge and skills to perform an assigned task satisfactorily.	
<b>Competence Requirement</b>	<b>How is the necessary knowledge and skills assessed to ensure assigned task is performed satisfactorily</b>
Knowledge and understanding of corporate governance requirements.	<ul style="list-style-type: none"> <li>▪ Approval of shareholding Ministers for corporate governance framework.</li> <li>▪ Assessed through audits (internal and external).</li> </ul>

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