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1. PURPOSE

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

2. SCOPE

This Manual is approved and issued by the Board of Directors. The Corporate Governance framework will be reviewed every three (3) years or as required by the Company Secretary. All Directors and Officers are to refer to this Manual.

3. CORPORATE GOVERNANCE OVERVIEW

3.1 Corporate Governance Framework

The Port 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 Port is required to comply with, however the following set the core legislative framework in which the Port operates: -

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

Corporatisation was undertaken so that the Port 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 Port: -

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

The Port's corporate governance framework has been developed based on the *Corporate Governance Guidelines for Government Owned Corporations (February 2009)* issued by Queensland Treasury and the *ASX Corporate Governance Principles and Recommendations*.

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 Port has to its various stakeholders.

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The Port and its Board take its responsibility to pursue efficient, effective and accountable port management very seriously. The Port 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 Port. The Annual Report includes, under the heading "Corporate Governance", a summary of the principal aspects of the Port's corporate governance framework.

4. ROLES AND RESPONSIBILITIES

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

4.1 Board of Directors

4.1.1 Board Structure and Appointment of Directors

The Port's Board of Directors are appointed by the Government on the recommendation of shareholding Ministers. At present, the Board is comprised of five (5) Directors, including: -

- Chair
- Four (4) 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 located on the Port's website (<http://www.townsville-port.com.au/about-the-port/about/directors-and-management>).

4.1.2 Director Induction Process and Ongoing Training

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

- Corporate Governance Statement;
- Corporate Governance Manual;
- Protocol for Board Meetings;
- Committee and Internal Audit Charters;
- Delegations Policy;
- Code of Conduct;
- Directors' and Officers' Duty Manual;
- Declarations of Interest Policy;
- Statement of Interests Form for completion;
- Insider Trading Policy;
- Board Assessment form;
- Annual Reports for the previous three financial years;
- Statement of Corporate Intent (SCI) for the relevant financial year;
- Corporate Plan for the relevant financial year;
- Fraud and Corruption Control Policy and Guidelines;

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- Risk Management Policy and Guidelines;
- Strategic Risk Register for the relevant quarter;
- operating and capital budgets for the relevant financial year;
- Succession Plan;
- Acceptable Use of IT Policy;
- Board contact sheet;
- meetings calendar; and
- internal contact sheet.

The Port 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 strategic decision-making at the earliest opportunity.

The Port 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 Port. 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 Port where approved by the Chairperson.

4.1.3 Role of Board

The role of the Board based on section 88 of the GOC Act includes: -

- responsibility for the Port’s commercial policy and management;
- ensuring that, as far as possible, the Port 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 Port’s shareholders for its performance as required by the Act and other laws applying to the Port; and
- ensuring that the Port otherwise performs its functions in a proper, effective and efficient way.

Other responsibilities of the Board include: -

- demonstrating leadership;
- defining the Port’s purpose and setting its strategic objectives;
- approving the Port’s statement of values and code of conduct to underpin the desired culture within the organisation;
- approval of major decisions and, where appropriate, make recommendations to shareholding Ministers;
- recommending the appointment of the CEO to the Governor in Council, and evaluation of the CEO’s ongoing performance against predetermined criteria;
- approving the appointment and replacement of other senior executives and the company secretary;
- overseeing management in its implementation of the entity’s strategic objectives, instilling of the Port’s values and performance generally;
- approving operating and major capital budgets and performance against them;
- overseeing the integrity of the Port’s accounting and corporate reporting systems, including the external audit;
- overseeing the Port’s process for making timely and balanced disclosure of all material information concerning the entity that a reasonably person would expect to have a material effect on the business’s financial and operating performance;
- satisfying itself that the port has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects management to operate;
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;
- whenever required, challenging management and holding it to account;

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- satisfying itself that the Port’s remuneration policies are aligned with the Port’s purpose, values, strategic objectives and risk appetite;
- monitoring the effectiveness of the Port’s governance practices;
- ensuring compliance with applicable laws;
- succession planning for critical positions;
- serving on subcommittees as required; and
- promoting the reputation of the Port and no act in a manner that may damage the Port’s reputation.

4.1.4 Delegation of Functions and Powers

Functions and powers of the Board may be delegated to¹: -

- a Director; or
- a Committee of the Directors; or
- an employee of the company; or
- any other person.

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 approved certain authority delegations which are set out in the Port’s *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.

Remuneration details are published in the Port’s Annual Report under the Corporate Governance section as part of the Port’s commitment to transparency.

4.1.6 Legal Obligations and Ethics

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

- avoid placing themselves in a position of actual or perceived conflict whereby a personal interest or duty conflicts with their overall duty to the Port;
- 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 Port;

¹ *Corporations Act 2001 (Cth)*, section 198D.

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- act honestly in the exercise of powers and discharge of functions as a Director of the Port;
- 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 Port;
- 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 Port;
- 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 Port 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 Port’s management if there are reasonable grounds to suspect that the Port may become insolvent.

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

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

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

The Port 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 Port 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 Port.

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 Port’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 191 of 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 Port as a whole.

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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 Port, 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 Monday 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*.

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 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.

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. A summary of the assessment results is also reported by the Chairperson to shareholding Ministers.

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 Port'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 *Delegations Policy*. The following principles are to be adhered to: -

- The Board is ultimately accountable for the performance of the Port 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 Port and may involve consulting with management and employees as required.

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- 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 Employee/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 Employee/Industrial Relations Committee, shareholding Ministers’ 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 Port 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 three (3) formally constituted Committees to assist it in decision making, oversight and control: the Audit and Risk Committee, the Sustainability Committee and the Strategy, Innovation and Development Committee. A register of Committees is maintained by the Port 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.

4.2.2 Audit and Risk Committee

Comprising at least three (3) Directors, with the Chairperson as an ex officio member (if not already a member), the Audit and Risk Committee’s core duties are to assist the Board in fulfilling its corporate governance and oversight responsibilities in respect to the quality and integrity of financial reporting, the performance of the external audit, effectiveness and objectivity of the internal audit plan, and oversight of the internal control system for financial reporting, accounting records, business risks and compliance activities, including:

- the Port’s corporate governance framework, including its systems of internal control;
- the adequacy of the Port’s corporate reporting processes and internal control framework;
- whether the Port’s financial statements reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Port;
- the appropriateness of the accounting judgements or choices exercised by management in preparing the Port’s financial statements;
- the scope and adequacy of the external audit;
- the appointment or removal of the internal auditor, the scope and adequacy of the internal audit work plan and the independence, objectivity and performance of the internal audit function;
- the progress of the internal audit work plan and monitor management’s responses to, and implementation of, the recommendations and findings identified;
- monitoring management’s performance against the Port’s risk management framework, including whether it is operating within the risk appetite set by the Board;
- any material incident involving fraud or a break-down of the port’s risk controls and the “lessons” learnt;

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- ensuring the integrity and consistency of the Port’s corporate culture relative to ethical conduct and probity, including in relation to its tendering, contracting and other procurement processes;
- reports from internal audit on its reviews of the adequacy of the Port’s processes for managing risk;
- reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- changes that should be made to the Port’s risk management framework or to the risk appetite set by the Board;
- the Port’s insurance program, having regard to the Port’s business and the insurable risks associated with its business
- the effectiveness of the Port’s compliance framework to ensure compliance with applicable laws, regulations, standards and best practice guidelines.

The Audit and Risk Committee has an established formal charter to guide its operation.

4.2.3 Sustainability Committee

Comprising at least three (3) Directors, with the Chairperson as an ex officio member (if not already a member), the Sustainability Committee assists the Board in fulfilling its corporate governance and oversight responsibilities for sustainability and ensuring frameworks, policies, practices and targets are aligned with the Port's goal of being a sustainable organisation for the long-term. This encompasses governance of board and executive functions, people and culture, safety and security, environment, community engagement and social responsibility. Including:

- Developing and implementing procedures for the Board’s periodic evaluation of its performance and effectiveness and overseeing implementation of recommendations from these reviews;
- Reviewing and advising the Board in relation to recruitment, remuneration and succession planning policies and practices to ensure the Port's objectives are met and ensure effectiveness, integrity and compliance with legal requirements, Government policies and the expectations of shareholding Ministers;
- Determining key performance indicators, evaluating performance and recommending remuneration levels and performance payments for the Chief Executive Officer and Senior Executives;
- Reviewing and advising the Board on succession planning for critical roles;
- Monitoring and evaluating the effectiveness of the Port's people and culture framework and human resources and industrial relations policies, initiatives, practices and targets to ensure they are aligned with the Port's strategic objectives;
- Monitoring and evaluating the effectiveness of the Port's Work Health and Safety and Security frameworks, policies, initiatives, practices and targets to ensure they are aligned with the Port's strategic objectives and have a holistic port-community focus;
- Monitoring and evaluating the effectiveness of the Port's environmental management framework, policies, initiatives, practices and targets to ensure they are aligned with the Port's strategic objectives and have a holistic port-community focus;
- Monitoring and evaluating the effectiveness of the Port's community engagement framework and social responsibility, policies, initiatives, practices and targets to ensure they are aligned with the Port's strategic objectives and the expectations of the community and stakeholders; and
- Evaluating compliance with statutory responsibilities, government policies and the expectations of shareholding Ministers relating to board and executive remuneration practices, human resources and industrial relations matters, work health and safety and security requirements, environmental management and community engagement matters.

The Sustainability Committee has established a formal charter to guide its operation.

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4.2.4 Strategy, Innovation and Development Committee

Comprising at least three (3) Directors, with the Chairperson as an ex officio member (if not already a member), the Strategy, Innovation and Development performs the following specific functions to assist the Board in fulfilling its corporate governance and oversight responsibilities by providing reviewing and providing advice in respect to the Port's strategy, innovation and development frameworks. Including:

- reviewing and making recommendations to the Board in relation to the Port's strategic planning and sustainability frameworks including Port Vision 2050 and the Port's Corporate Plan and Statement of Corporate Intent and ensuring compliance with relevant legislation and government policies;
- monitoring and evaluating the effectiveness of strategic initiatives for trade and business growth and ensuring these are aligned with the Port's strategic objectives;
- monitoring and evaluating plans for future port planning and development including the Port Master Plan, Port Development Plan, Land Use Plan and Planning Codes and Guidelines to ensure the Port's long-term infrastructure requirements are able to be sustainably developed;
- providing oversight of major port-led infrastructure projects and waterfront developments and advising the Board on the effectiveness in meeting the Port's strategic objectives and delivery of projects (governance, program and budget);
- reviewing and advising the Board on the appropriateness of proposed major developments proposed to be undertaken on Port owned lands having regard to statutory planning legislation and policies and the Port's Land Use Plan and planning codes and guidelines; and
- monitoring and evaluating the effectiveness of the Port's innovation framework, policies, initiatives, practices and targets to ensure alignment with strategic objectives.

The Strategy, Innovation and Development Committee has established a formal charter to guide its operation.

4.2.5 Committee Evaluation

In accordance with good governance principles Board Committees are reviewed and assessed on a regular basis to facilitate progression and improvement in overall performance. The Chair of the Committee regularly assesses the performance of the Committee and takes 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.

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 Port. 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*.

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The Chairperson is to act in accordance with the limits of authority set out in the *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 GOCs Board with prior written approval of the shareholding Ministers.²

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 in accordance with Government's approved framework, namely the *Policy for GOC Chief and Senior Executive Employment Arrangements*. Remuneration details are published in the Port's Annual Report under the Corporate Governance section as part of the Port'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 CEO

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

The CEO is also broadly responsible for implementing and reporting performance against the Port's strategic objectives and instilling and reinforcing the Port's values, all whilst operating within the values, code of conduct, budget and risk appetite set by the Board.-

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 Port.

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

4.4.3 Duties of CEO

The duties applicable to the Directors outlined in section 4.1.6 apply also to the CEO.

² *Government Owned Corporations Act 1993 (Qld)*, section 92.

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Senior Executives

4.4.4 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 Senior Executives requires the approval of the Board.

Remuneration for Senior Executives, including any increase, is to be in accordance with Government's approved framework, namely the *Policy for GOC Chief and Senior Executive Employment Arrangements*. Remuneration details for Senior Executives are published in the Port's Annual Report under the Corporate Governance section as part of the Port'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.

4.4.5 Role of Senior Executives

The role of Senior Executives is to be determined by the CEO with the approval of the Board and is documented in position descriptions specific for the role.

Broadly, their role is to assist the CEO in implementing the Port's strategic objectives and instilling and reinforcing the Port's values, all while operating within the values, code of conduct budget and risk appetite set by the Board.

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

4.4.6 Duties of Senior Executives

The duties applicable to the Directors outlined in section 4.1.6 apply also to Senior Executives.

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5. BUSINESS AND STRATEGIC PLANNING

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

5.1 Corporate Plan

The Port is required to have a five-year corporate (strategic) plan³. 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 Port is required to have an annual SCI (operational plan) for each financial year⁴. The SCI must be consistent with the Corporate Plan. The SCI must specify the Port's financial and non-financial performance targets for its activities for the relevant financial year, and include the following: -

- an outline of the Port's objectives;
- an outline of the nature and scope of the activities proposed to be undertaken by the Port during the relevant financial year;
- an outline of the Port's main undertakings during the relevant financial year;
- The Port's capital structure and dividend policies;
- an outline of the major infrastructure investments proposed to be undertaken by the Port during the relevant financial year;
- an outline of the borrowings made, and proposed to be made, by the Port;
- an outline of the policies adopted by the Port to minimise and manage any risk of investments and borrowings that may adversely affect its financial stability;
- an outline of the Port's policies and procedures relating to the acquisition and disposal of major assets;
- The Port's accounting policies that apply to the preparation of its accounts; and
- the type of information to be given to shareholding Ministers, including information to be given in quarterly and annual reports.

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 Port⁵. The Plan must include the following matters: -

- The Port'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;

³ Ibid, section 94.

⁴ Ibid, section 102.

⁵ Ibid, section 149.

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- 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 may specify measures to ensure adherence to it, and must be included in the Port’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.

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 Port, 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 Port against identified strategic and operational business plans and the legislative and governance framework in which the Port 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 of performance against targets contained in the annual SCI by the Senior Executive group which are reported to the Board on a quarterly basis and submitted to shareholding Ministers;⁶
- annual performance reports against targets contained in the annual SCI which are published for reporting to stakeholders.

⁶ Ibid, section 119.

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6. FINANCIAL MANAGEMENT, REPORTING AND ACCOUNTABILITY

6.1 Informing shareholding Ministers

Chapter 3, 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 Port also.⁷

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.⁸

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.⁹

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

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

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

⁷ Ibid, section 118.

⁸ Ibid, section 119.

⁹ Ibid, section 122.

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External and internal auditors oversee and appraise the Port’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 Auditor-General reports to Parliament as the State’s independent external auditor of GOCs.

6.4 Annual Reporting

The Port 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 Chapter 3, Part 11, Division 3 of the GOC Act and Part 2M.3, Division 1 of Corporations Act.

Other specific requirements for annual reporting are contained in the *Financial Accountability Act 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 120 of the GOC Act and briefly must: -

- contain information to enable the shareholding Ministers to make an informed assessment of the operations of the Port including a comparison of the performance of the Port with its SCI;
- state the Port’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 Port 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 Port will be able to pay its debts as and when they fall due.

The Port is also required to prepare and submit audited annual financial reports and directors’ reports in accordance with Part 2M.3, Division 1 of 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 Port and steps that are being taken to manage risks. The risk management framework is to be regularly reviewed to ensure its effectiveness.

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7. COMPLIANCE AND COMPETENCE REQUIREMENTS

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

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