



PORTS NORTH

BOARD OF DIRECTORS

CHARTER

JULY 2010

Board Charter

1. Introduction

This Board Charter sets out the fundamental principles adopted by the Board in governing Far North Queensland Ports Corporation Limited. (FNQPC)

FNQPC is a Queensland Government Owned Corporation. The main legislation governing FNQPC is:

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

The *Government Owned Corporations Act 1993* (GOC Act) implements the concept of ‘corporatisation’ – a structural reform process that by virtue of the GOC Act:

- Enables FNQPC to operate, as far as practicable, on a commercial basis and in a competitive environment.
- Allows for continued public ownership of FNQPC.
- Allows the State, as owner, to provide strategic direction by approving financial and non-financial performance targets and community service obligations.
- Causes the appointment of the Board of FNQPC, consistent with the GOC Act. A number of functions of the Board arise from the GOC Act.
- Provides clarity of objectives.
- Provides for management autonomy and authority.

Shareholders

FNQPC is a Government Owned Corporation (GOC) constituted under the *GOC Act* and *Corporations Act 2001*. The Board of Directors is appointed by the Governor in Council and is accountable to the Queensland Treasurer and Minister for Employment and Economic Development and the Minister for Transport for the performance of FNQPC.

All shares in FNQPC are held by the Queensland Treasurer and Minister for Employment and Economic Development and the Minister for Transport on behalf of the Queensland Government. In accordance with the GOC Act and the Financial Accountability Act 2009, FNQPC, as a public sector entity, is audited by the Queensland Audit Office or its delegate.

On an annual basis, FNQPC submits to the Shareholders and the Shareholders review and agree, a Corporate Plan and Statement of Corporate Intent which specifies financial and non-financial

performance targets. In addition, the shareholding Ministers can also direct that FNQPC meet community service obligations and apply specified public sector policies in its operations. The Board has established policies and procedures, including a [Shareholders Disclosure Policy](#), to ensure that Shareholders are regularly informed through quarterly and Annual Reports of performance against approved plans and material developments likely to impact on the achievement of financial and non-financial targets.

Corporate Governance

The Board of FNQPC has primary responsibility to shareholding Ministers to establish strategic direction, pursue established corporate objectives and monitor business performance. The Board recognises the importance of applying best practice corporate governance principles in fulfilling this responsibility and has committed to the highest level of integrity in the conduct of its operations. To satisfy this commitment, the Board has adopted a [Directors and Senior Executives Code of Conduct](#).

2. Role and Purpose of the Board

In the course of their administrative undertakings, the Board members are required to carry out their responsibilities and powers in accordance with this Charter, the GOC Act and the Corporations Act 2001. In striving to achieve the objectives of the organisation Board members should act with prudence and integrity at all times.

The Board's responsibilities include:

- Determining strategic direction, vision and corporate objectives
- Approving policies, business plans, corporate plans and statements of corporate intent that realise FNQPC's vision and corporate objectives
- Evaluating and approving major capital expenditure and business transactions
- Ensuring adequate systems exist to monitor:
 - corporate compliance with legislation and relevant government guidelines and directives;
 - corporate performance against plans and forecasts; and
 - long term planning and risk management to ensure sustainable ongoing operations
- Ensuring that shareholding Ministers are informed of FNQPC performance against the approved plans as well as material developments likely to impact on the achievement of financial and non-financial targets
- Appointing the Chief Executive Officer and clearly defining the roles and responsibilities of that position
- Approving the appointment of other senior executives and managing succession for all senior positions
- Modelling and driving an ethical organisational culture

3. Secretarial Matters and Board Meetings

Board Meetings

In June, the Board adopts an Activity Plan for the coming financial year which ensures that all necessary matters are addressed by the Board at regular meetings using an approved structured meeting agenda. Board meetings are attended by Directors, the CEO and Company Secretary. Other people attend meetings at the invitation of the Board.

The quorum of Directors for meetings is half of the appointed Directors.

The Board holds an annual special meeting to develop a strategic outlook report to inform management's annual business planning cycle.

Any Director may request the Chairman to call a Special Board meeting and, in the event the Chairman fails to call the meeting, the Director may then take steps to call the meeting.

On occasions it is necessary for the Board to consider matters and pass resolutions at times between scheduled Board meetings. In such cases, reports and recommendations can be circulated by the CEO to Directors.

A Circular Resolution will be passed when a simple majority of Directors sign a document confirming the Directors' support for the resolution.

Circular Resolutions adopted by the Board will be included in the papers for the next scheduled Board meeting.

Directors receive the CEO's monthly performance report and a monthly financial performance report and regular briefings and presentations on FNQPC operations. Site visits of operations are conducted as required. The Chairman meets regularly with the Chief Executive Officer to review business issues.

Board Minutes and Records Maintenance

The Company Secretary takes minutes at Board meetings. Draft minutes are provided to the CEO and the Chairman within five days following the meeting. Minutes are included in the next Board meeting Board papers for adoption by the Board. In cases where the next Board meeting is due to be held more than thirty (30) days after the meeting to which the Minutes relate, the Minutes will be adopted by way of a Circular Resolution to be passed no more than 30 days following the meeting.

The Company Secretary ensures that a hard copy of all Board papers, Board minutes and documents tabled and presentations made at Board meetings are kept in a secure (fire protected) location accessible on request by Directors. This information is also replicated in electronic form on iPort and all Directors will have the option of independent access to iPort.

Directors must ensure that any copies of Board papers which they retain are kept either in a secure location, shredded or returned to the Company Secretary for disposal.

4. Board of Directors – independence & professional advice

The Board of Directors is appointed by the Governor in Council and all are non-executive directors.

The Board will regularly assess the independence of each director in light of interests disclosed by them.

To assist the Board and Directors to monitor and appropriately manage potential conflicts between Directors' duties for FNQPC and their own personal interests, Directors will complete a Declaration of Interests each year.

The Directors' Induction materials and the Directors and Senior Executives Code of Conduct contain procedures for the disclosure of Directors' interests in matters to be considered by the Board and the manner in which such interests be dealt with by the Board.

The Board and its Committees may seek independent professional advice whenever it is considered appropriate. Individual Directors, with the prior approval of the Chairman, can procure professional advice, at FNQPC's expense, on matters related to their responsibilities as a Director.

5. Delegation of Authority

The GOC Act provides that the Board may delegate power to the CEO and the CEO may sub-delegate to other suitable officers of FNQPC.

The Board has adopted a regime for delegations and sub-delegations including a CEO's Instrument of Delegation. All delegations are reviewed annually by the Board.

Unless there are particular circumstances where it is not appropriate Directors will direct their inquiries or need for additional information to the CEO who is responsible for meeting Directors' information needs. Should a Director not be satisfied with the response of the CEO to any request, he/she should raise the matter immediately with the Chairman.

6. Director Remuneration

Director remuneration is established by the Governor in Council. Remuneration policies for management and staff are overseen by the Human Resources Committee which operates under the Human Resources Charter.

7. Conduct of Directors

In fulfilling their role, Directors must conduct themselves consistent with the Directors and Senior Executives Code of Conduct.

8. Relationship between the Board and Management

The Board reserves the following matters for its decision:

- Approval of strategy and annual Statement of Corporate Intent and Corporate Plan;
- Approval of the Annual Report and;
- Determinations and approvals other than those formally delegated to management

The Board delegates responsibility for day to day management of FNQPC to the CEO subject to any limits of such delegated authority as determined by the Board from time to time. The CEO must, however, consult the Board on matters that are sensitive, extraordinary or of a strategic nature.

Management are accountable to the Board and are to fulfil this responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.

The Board adopts appropriate structures and procedures to ensure it retains its independence and functions independently of management.

9. Communication with Shareholding Ministers

Communication with the shareholding Ministers (SHM) is important to enable the SHM to meet their obligations and also for FNQPC to meet its Corporate Objectives. A “Disclosure to Shareholders” policy has been developed to guide communication with shareholding Ministers.

10. Director Selection and Induction

Directors are appointed from time to time by the Governor-in-Council in accordance with the GOC Act. New Directors will be provided a thorough induction by the Chairman and CEO.

The induction will address the following:

- The role of FNQPC Directors and Board processes including this Charter and the Directors’ position description;
- FNQPC Directors’ core competencies, for example, relevant legislation and Government guidelines and directives;
- FNQPC’s policies, systems and procedures;
- FNQPC’s Business Plan, Corporate Plan and Statement of Corporate Intent; and
- Historic and projected performance using financial and non-financial performance indicators.

11. Board Committees

To support Board effectiveness and efficiency, the Board may establish committees to assist in the execution of its duties and to allow for detailed consideration of complex areas or issues of special interest. Current Committees of the Board include:

- Audit and Risk Committee; and
- Human Resources Committee

Each of these committees shall have its own charter setting out its roles and responsibilities, composition, structure and the manner in which the committee is to operate. All committee charters must be approved by the Board and are to be reviewed on an annual basis.

Committees meet in accordance with the annual Activity Plan and otherwise as required, determined by the Committee Chair, in consultation with the CEO.

12. Performance Evaluation

Board Performance

The Board will conduct an annual performance review. This is more frequent than required under Principle 2 of the Corporate Governance Guidelines for Government Owned Corporations which recommends that these be carried out at least every two years. The annual process is considered better practice in that it allows the Board to identify improvement opportunities in a timely manner. The Performance review and evaluation should take into consideration the Board's processes and the efficiency and effectiveness with which it carries them out.

A review of Board effectiveness based on the Board Evaluation Survey, observation and performance against objectives will be prepared by the Chairman

13. Committee Performance

Each Committee will provide the Board with a summary of the results of its performance and prepare a formal Committee Performance Report for consideration by the Board on an annual basis.

Related Documents

1. FNQPC Code of Conduct
2. FNQPC Chairperson's Position Description
3. FNQPC Director Position Description
4. FNQPC Audit and Risk Committee Charter
5. FNQPC Human Resources Committee Charter
6. FNQPC Director Induction documentation
7. FNQPC Disclosure to Shareholders Policy

References

1. Government Owned Corporations Act (Qld)1993
2. Corporations Act 2001
3. Queensland Corporate Governance Guidelines for Government Owned Corporations,
4. ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition).