

City of Coffs Harbour



Governance Protocols

April 2023

1. PREAMBLE

- 1.1** Coffs Harbour City Council Coastal Works ('Coastal Works') is a commercialised business unit of the City of Coffs Harbour ('City').

2. OBJECTIVES

The principal objective of Coastal Works undertaking external work shall be to operate a profitable, sustainable and innovative business, and in so doing, maintain a strong market presence in selected areas of infrastructure services. In pursuing this principle objective, the General Manager and Coastal Works leadership shall:

- 2.1** Focus on Coastal Works core purpose, nature and scope as an infrastructure services provider.
- 2.2** Manage Coastal Works prudently in order to maximise its long-term commercial viability and profitability to create City value.
- 2.3** Achieve the commercial and non-commercial objectives of the City as set out in these Governance Protocols.
- 2.4** Manage the business with the objective of achieving agreed business growth.
- 2.5** Be customer focussed and ensure customer outcomes are delivered consistent with contract specifications.
- 2.6** Be a good employer that provides a work environment that recruits, fosters and maintains safe, competent, motivated, committed and productive employees.
- 2.7** Be a good corporate citizen:
- (a) Meet the social interests of the community in a responsible way where able to do so
 - (b) Act in an environmentally responsible manner and apply environmentally sustainable practices.
 - (c) Act in accordance with the City's Statement of Business Ethics

3. CORPORATE GOVERNANCE

- 3.1** The General Manager will maintain corporate governance that ensures best practice strategic direction and risk management of Coastal Works, monitors management and ensures accountability of Coastal Works on behalf of the Council.
- 3.2** To achieve this the General Manager will:
- (a) Conduct quarterly reporting to Council including an income and

expenses summary for the commercial activities of Coastal Works, performance in achieving KPIs and progress on specific projects related to business development and growth.

- (b) Act on an informed basis, in good faith, with due diligence and care, and in the best interests of the Council.
- (c) Act in accordance with these Governance Protocols
- (d) Ensure compliance with applicable legislation and regulation
- (e) Ensure compliance with all Work, Health and Safety legislation, regulations and City requirements.
- (f) Review and guide corporate strategy, major plans of action, risk policy, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital and investment expenditures, acquisitions and divestments.
- (g) Monitor key positions in the business for the purposes of succession planning.
- (h) Monitor and manage declarations of potential conflicts of interest of management and the Council.
- (i) Ensure Coastal Works' financial management is consistent with good business practice.
- (j) Ensure that Council's insurances are maintained at an appropriate level to cover the commercial operations of Coastal Works
- (k) Keep the Council informed on significant events and issues.
- (l) Promote a culture which requires all employees to adhere to high levels of ethical behaviour.
- (m) Monitor the effectiveness of overall governance and make changes as needed.

4. AUTHORITY TO ENTER CONTRACTS

- 4.1** The delegation from the Council to the General Manager does not allow Coastal Works without a resolution of Council to:
 - (a) Enter into any single contract with a value greater than \$15M.
 - (b) Enter into any customer contracts which have a term longer than 5 years.
 - (c) Enter into contracts outside of South East Queensland and New South Wales.

5. NATURE AND SCOPE OF ACTIVITIES

- 5.1** The external work sought by Coastal Works will be the kind of infrastructure services that are generally delivered to the City, specifically the provision of civil construction services including roads, bridges, water and sewer, earthworks, stormwater drainage and precast concrete products.
- 5.2** External work is defined as work that is for a client other than the City or, in the case of the City, where the work relates specifically to City assets.

- 5.3** Coastal Works shall deliver the City's Council approved Capital Works and Maintenance Programs as allocated by the Director Sustainable Infrastructure.
- 5.4** Coastal Works may actively compete for customers and contracts in New South Wales and South East Queensland.
- 5.5** Coastal Works may expand or contract the nature and scope of commercial activities;
- (a) Consistent with its objectives, delegations and relevant legislation;
 - (b) Consistent with the Council's objectives, risk management and funding requirements; and
 - (c) With the agreement of Council
- 5.6** Coastal Works will not have work in hand in excess of \$15M (based on a rolling 12 month average) without a resolution of the Council.

6. PERFORMANCE MEASURES AND TARGETS

The performance measures to be achieved for each financial year are:

NOTE: Key Performance Indicator Table has been redacted from this public copy on Commercial in Confidence grounds. Councillors may refer to the Confidential Attachment No. 2 to this report for actual KPI detail.

7. DISTRIBUTION POLICY

- 7.1** Coastal Works is committed to profit generation and the provision of consistent annual distributions to the City in accordance with the performance goals set out in these Governance Protocols.
- 7.2** Distribution's shall be used by the Council for;
- (a) Capital works; and/or
 - (b) Projects of strategic importance to the City.

8. ACCOUNTING POLICIES

- 8.1** Accrual accounting will be used to match expenses and revenues for reporting purposes. Coastal Works will comply with all applicable Financial Reporting Standards.
- 8.2** Coastal Works is a Category 1 Business Activity and will at all times comply with the appropriate accounting standards and legislative requirements that apply under the National Competition Policy.

9. PROCUREMENT

- 9.1** All procurement by Coastal Works must comply with the City's Procurement Policy, procedures, guidelines and legislative requirements.

10. REPORTING

- 10.1** The General Manager will report to the Council quarterly on Coastal Works:

- (a) as part of the ordinary budget reporting process.
- (b) Where there are updates to the Business Plan such as new major tenders; and
- (c) On any other issues that, due to their financial, political, social or environmental impact Council should be made aware of.

- 10.2** The General Manager, will report to the Council annually on Coastal Works;

- (a) annual financial plans to Council, with a four-year projection of income and expenditure in-line with the City's Delivery Program
- (b) Annual Report and an audited Special Purpose Financial Statement to the Council by 30 November each year
- (c) Updated Business Plan

- 10.3** Coastal Works shall report to the Director Sustainable Infrastructure monthly on;

- (a) financial results (income and expenditure against budgets, projected results for the current year)
- (b) Budget versus Actuals
- (c) Work in Hand
- (d) Profit and Loss
- (e) Tenders Submitted and Prospective Works
- (f) Troublesome practice matters which includes but is not limited to;
 - o Any disputes or potential disputes arising with clients
 - o Unpaid invoices

11. CERTIFICATION AND COMPLIANCE

- 11.1** In order to maintain Coastal Works competitiveness, the business unit maintains Transport for NSW (TfNSW) Prequalification and certification of three ISO Standards, being ISO 41500 (Occupational Health and Safety Management Systems), ISO 9001 (Quality Management Systems) and ISO 14001 (Environmental Management Systems).

TfNSW Prequalification requires requalification every three years. ISO Standards requires recertification every three years as well as yearly external audits. Coastal Works will maintain a robust and monitored Integrated Management System including the conduct of annual internal audits to maintain these certifications.

- 11.2** The operations of Coastal Works will be included as part of the City's internal audit program. The audit will review the level of compliance by Coastal Works with the Operational Model in terms of processes and controls.

12. REVIEW

- 12.1** These protocols will be reviewed periodically by the General Manager who will recommend to Council any amendments considered necessary for effective and efficient corporate governance.