

Board Governance Principles

Version Control and Approval

Document Approval

The Bridge Housing Limited (BHL) Corporate Governance Principles was approved by the Board of Directors at the Board meeting held on 12 October 2009.

Document Information

This document is stored electronically in the following location:

Governance/BHL Governance Principles

Document Changes and Reviews

BHL should be advised of any errors, omissions, ambiguities, and requests for change or suggestions for improvement.

Changes will need to be approved by the BHL Board document approval section, prior to being incorporated into the next version of this document.

BHL Governance Principles

Corporate not Individual

BHL Directors' role is to act in the best interest of the organisation. They do not represent particular constituencies or interests as Directors, and accept that their role is 'corporate' not 'individual'.

The Board speaks with one voice. This does not preclude diversity of opinion or stifle board discussion. Board Directors should speak freely and openly within the Board. Once the Board has made a decision, then all Board members must accept this decision, implement the decision and support the decision.

Corporate Governance Principles

Directors and management are committed to ensuring sound governance principles are maintained and applied in governing BHL. Our statement of Corporate Governance is derived from the ASX's Corporate Governance Council Principles of Good Corporate Governance. The ASX has outlined eight key principles for Corporate Governance. Although BHL is not a listed entity the BHL Board believes that this provides a robust framework for BHL's Governance.

Principle 1: Lay Solid Foundations for Management and Oversight

The Board must ensure its role is fulfilled by addressing its corporate, legal, financial and audit responsibilities and be aware of the need to exercise reasonable care, skills and diligence in carrying out its duties. The Directors must understand and be aware of:

- Their liabilities, obligations and protections available under the *Corporations Act 2001* and other relevant Federal or State Legislation or common law
- The BHL Constitution
- Occupational Health and Safety liabilities, obligations and protections under *the Occupational Health and Safety Act 2000 and Regulations 2001*
- The responsibilities of relevant industrial relations law and awards
- The responsibilities and reporting requirements imposed by funding agreements with government or other agencies
- BHL Schedule of Delegations and whether such are being exercised properly

BHL Fraud and Corruption Policy, Code of Conduct and Managing Conflict of Interest Policy

The Board of Directors primary responsibilities include:

- Selection, appointment and if necessary, removal of the Chief Executive Officer, including setting the conditions of services and monitoring of performance
- Establishing long term goals and approval of strategic plans to approve those goals
- Review and approval of annual budgets, monitoring of management and financial performance and ensuring that the organisation has the skills, resources and support it needs
- Ensuring that significant business risks are identified and effective strategies are in place to manage these risks
- Ensuring that there are adequate systems of internal control together with appropriate monitoring of compliance activities
- Review and approval of major strategies, financial objectives and plans, including capital expenditures, acquisitions, developments and divestments
- Regularly review Board performance and corporate governance arrangements
- Ensuring that ethical and conduct standards are maintained

See Appendix 1: Information for Directors

The Board has delegated to management through the Chief Executive Officer the responsibility for:

- Developing and, upon approval, implementing corporate strategies
- Managing the business
- Managing the risk and compliance frameworks, including reporting to the Board
- Appointing staff, and evaluating their performance and training requirements, as well as developing company policies
- Developing the annual budget, managing the business within the budget, and reporting performance against the budget to the Board
- Ensuring all available information in connection with the items to be discussed at a meeting of the Board is provided to each director before the meeting
- The Chief Executive Officer is responsible for ensuring the responsibilities delegated by the Board are properly discharged by management and for keeping the Board informed on these matters.

Principle 2: Structure the Board to Add Value

The Board determines board size and composition, subject to limits imposed by the Constitution. The Constitution allows the appointment of up to nine Directors who must have a range of skills to enable the effective stewardship of BHL. These skills are outlined in the constitution.

To assist the Board in discharging its responsibilities, it has established a Finance and Risk Committee and an Asset and Procurement Committee. Each committee has a terms reference and is chaired by a non-executive Director.

Each committee is entitled to obtain at the companies expense:

- Independent professional or other advice as per the Directors access to professional
- Advice policy; and resources and information from the company including direct access to BHL employees and advisors as required

The Roles and Responsibilities of Office Bearers

Within the BHL Board of Directors, there are three key office bearer positions:

- Chairperson
- Finance and Risk Committee Chairperson (Treasurer)
- Asset and Procurement Committee Chairperson

The office bearers are elected by the Board of Directors. Each office bearer has a series of important and key tasks. Each office bearer is accountable to the Board of Directors and ultimately to BHL members. Their powers and responsibilities are delegated by the Board of Directors.

Chairperson

The Chairperson non-executive Director roles include:

- Providing effective leadership to Directors, including guiding the agenda and conduct of all Board meetings
- Reviewing the performance of the Board
- Ensuring new Directors are fully briefed and have undertaken an induction program to familiarise themselves with BHL
- Representing the views of the Board of BHL to the public

Finance and Risk Committee Chairperson

The Finance and Risk Committee Chairperson is primarily responsible for assisting the Board in fulfilling its responsibilities relating to the financial budgeting, accounting and reporting practices of BHL. The Finance and Risk Subcommittee has formal terms of reference.

Asset and Procurement Committee Chairperson

The Asset and Procurement Committee Chairperson is primarily responsible for ensuring the Board in fulfilling its responsibilities relating to the procurement management and disposal of assets. Asset and Procurement Committee has formal terms of reference.

Secretary

The BHL Board may appoint a Company Secretary who is responsible for:

- Dealing with any correspondence
- Maintaining the official records of BHL (other than financial) up to date, including membership registers, asset register, company seal use, meeting minutes and annual returns
- Preparing the venue and other arrangements for Board meetings
- Taking the minutes of meetings or ensuring this task is delegated

Board Review

The BHL Board shall undertake an annual review of its performance to ensure it is performing to its maximum effectiveness and has the appropriate governance arrangements in place The Board Self Appraisal Pro-forma is used to undertake an annual review of its performance (**Appendix 2**)

Principle 3: Promote Ethical and Responsible Decision-making

BHL conducts its business to the highest standards of honesty, integrity, respect and fairness when dealing with all its customers and employees. Both employees and Board members are required to meet these high standards.

BHL takes seriously its obligations to comply with all regulations, as well as common law obligations, and again requires all employees and Directors to do the same.

BHL has in place the following policies to promote ethical and responsible decision making:

- Fraud and Corruption Policy
- Code of Ethics
- Code of Conduct
- Managing Conflict of Interest Policy
- Register of Interests

Directors are required to read and sign each Code and complete the Register of Interests. Copies of each signed document will be kept on file in the BHL office.

Principle 4: Safeguard Integrity in Financial Reporting

The Chief Executive Officer and Finance and Administration Manager provide the audited financial statements to the Audit and Finance Committee and the Board and ensure that the BHL financial statements present a true and fair view, in all material respects of the company's financial condition and operational results in accordance with relevant standards.

Principle 5: Make Timely and Balanced Disclosure

The Board has adopted a policy to ensure that the provision of information is made in a timely manner that is factual and expressed in a clear and objective manner to key stakeholders including clients, supporting agencies, funding bodies and members.

Mechanisms employed to communicate include:

- Information technology such as the BHL website and email
- Annual tenant and stakeholder survey
- Newsletter
- Annual General Meeting (AGM)
- Annual Reports

Principle 6: Respect the Rights of BHL Members

BHL seeks to ensure that it respects the rights of members and facilitates the effective exercise of those rights.

This is achieved by:

- Establishing a tenant participation strategy
- Undertaking an annual tenant survey, reporting on the results and what actions will follow
- Promoting an effective communication strategy through our web site and printed material that ensures all members are aware of the company's strategy and goals
- Encouraging full participation of members at the AGMs to ensure a high level of accountability and understanding of the company's strategy and goals'

Principle 7: Recognise and Manage Risk

The Board has a Risk Management Plan which identifies the company's key risks and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. BHL Risk Management Plan is designed to: identify, assess, monitor and manage risk and identify material changes to the company's risk profile.

These risks may include but are not limited to: operational, environmental, sustainability, compliance, strategic, ethical conduct, reputation service quality, human capital and financial reporting risks.

The Board will ensure that management has developed and implemented a sound system of risk management and internal control.

Principle 8: Remunerate Fairly and Responsibly

BHL will have remuneration policies in place to maintain and attract qualified and motivated employees. The Board will review and recommend the remuneration for the Chief Executive Office and approve the framework for staff remuneration. The Board is also responsible for reviewing the performance of the Chief Executive Office.

Appendix 1

Information for BHL Directors

Board Appointments

Directors are elected in accordance with BHL Constitution Directors and must meet the Qualified Person Criteria as defined in the BHL Constitution. This requires potential directors to have skills and expertise in the following areas:

- Social housing management
- Finance
- Community welfare
- Property development and procurement
- Law
- Social policy development
- Accounting and finance
- Asset management
- Information and technology
- Human resources management

Other areas are determined necessary, from time to time, by the Directors for the furtherance of the company's objects.

Vacant Positions

Candidates are sent an information package and are requested to provide a written application including:

- Information on the extent they satisfy the Qualified Person Criteria
- A copy of their current curriculum vitae
- Contact details for two referees
- Completion of a Membership Form
- Completion of the Standard Director's Nomination Form

BHL Directors shall determine whether the candidate successfully meets the criteria, will refer the nominations to BHL Board for election.

The Board can approve the filling of casual Director vacancies however Directors appointed through this method must stand down at the next Annual General Meeting and nominate for a Board position.

Directors Induction and Training

Induction

Prior to commencing their directorship, each Director is provided with induction information which includes:

- Term of appointment
- Time commitment envisaged
- Powers and duties of Directors
- Any special duties or arrangements attaching to the position
- Circumstances in which an office of director becomes vacant
- Expectations regarding involvement with committee work
- Remuneration
- Requirement to disclose Directors' interests and any matters which affect the director
- Independence
- Fellow Directors
- Induction training and continuing education arrangements Board policy on access to independent professional advice
- Indemnity and insurance arrangements
- Confidentiality and rights of access to corporate information
- A copy of the constitution
- Strategic and Business Plan
- Organisational chart of management structure

Prior to commencing, each Director is required to:

- Read and sign the Code of Ethics, Code of Conduct, Managing Conflict of Interest Policy and Register of Interest
- Complete the Consent to Act as a Director Form
- Identify and register any actual perceived conflict of interest, pecuniary or non-pecuniary interest by completing the Register of Interest

Training

BHL shall make funds available for any identified relevant training opportunities for Directors which enhances their role as a Director of BHL.

Expenditure for Directors' training must be approved by the Board of Directors.

Board Meeting

Frequency of Meetings

Board meetings are scheduled bi-monthly and Directors are provided an annual schedule of Board meetings.

Agenda

The standard agenda for the bi-monthly Board meetings shall include but not be limited to

1. Welcome
2. Declaration of Interest
3. Minutes from the previous meeting
4. Outstanding Actions Report
5. Chief Executive Officers Report
6. Housing Management Report
7. Asset Management Report
8. Finance Report
9. General Business

In addition to the above agenda items, the following agenda items will be discussed on a quarterly basis:

- Occupational Health & Safety
- CHLP Data Return/Performance
- Strategic/Business Plan Performance
- Risk Management Plan Performance

Agendas will be prepared by the Chief Executive Officer and approved by the Chairperson, however all Directors have the right to list additional agenda items where required. Preferably, meeting agendas should be set as soon as is practicable following the previous meeting.

Each agenda item will include a timetable for the consideration of the matter.

Financial Information and Reports

Each meeting the Director should be provided with comprehensive financial reports, balance sheet; profit and loss statements (by program and consolidates; cash flow statements).

Each quarter the Board will receive an analysis of BHL's financial position, including, performance against agreed benchmarks or indicators.

Notice to Directors and Provision of Information

Directors will be provided with a notice of each meeting and a copy of the agreed agenda at least seven days prior to each meeting.

The Directors will have access to sufficient information to enable full consideration of all issues, including full financial statements, background and briefing papers, a housing data return and copies of relevant correspondence and other documentation where necessary. All such information will be well organised and easy to read to assist in the decision making of the Directors.

Staff Attendance

The Chief Executive Officer should be the only staff member regularly in attendance at meetings but other staff shall be invited at the discretion of the Board or Chief Executive Officer.

Decision Making

A majority of present Directors must agree with any resolution or questions arising before it can be carried. In the case of an equality of votes, the Chairperson shall have a second or casting vote.

Directors may only vote on those resolutions which have been put forward and then seconded by two separate Directors.

Any dissent should be recorded.

Records of Meetings

A written record of all meetings will be maintained in accordance with the requirements of the *Corporations Act 2001* under the authority of the Secretary.

Records of meeting will include:

1. Attendance and apologies recorded for the meeting
2. A brief and accurate summary of the discussion of any agenda item or resolution, which fairly represents any differing, divergent or minority views or opinions expressed
3. Any conflict of interest raised by the Directors in relations to any agenda item the action taken to deal with such conflict
4. Any 'resolution' put forward, including the name of the proposer and seconder, whether the resolution of carried or failed, and any Directors who abstained from voting

Minutes will be circulated within ten days of the previous Board meeting.

Conflict of Interest

Directors must declare a conflict of interest at the start of the Board meeting. Declaration of Interest is a standing item on the Board agenda. Detailed guidelines are provided in BHL'S Managing Conflict of Interest Policy.

Business Outside of Board Meetings

The Board may conduct its business outside of Board meetings in accordance with the provisions of the BHL Constitution.

Directors Expenses

Directors shall receive reimbursement for expenses reasonably incurred in the business of the company. Each Director will be supplied with an electronic security key to gain access to the BHL car park and office.

Directors Remuneration

Directors are not remunerated for serving on the BHL Board.

Confidentiality and Access to Client Records

BHL staff are required to keep personal information about clients, employees, colleagues or other individuals strictly confidential, and may only release it with the written consent of the individual concerned. Board members should not request such information from staff. A number to safeguard privacy will only identify where information on individual tenants is reported to the Board if staff report the tenant.

Board members are not to use any information obtained through their role as a Director for personal gain or benefit, nor should such information be provided to others who may also use it for personal gain or benefit.

Appendix 2

Bridge Housing Limited Board Self Appraisal Pro-forma

The Board Self Appraisal Pro-forma has been developed to assist Board members to undertake a review of the Board performance over the past year.

It establishes a process of reviewing and improving Bridge Housing Limited's governance practices.

The Board Self Appraisal Pro-forma covers the following indicators:

1. General Governance
2. Independence
3. Board Performance
4. Code of Conduct
5. Strategic and Business Planning
6. Risk Management
7. Financial and Operational Reporting

Board members should assess each statement on the following scale:

5	Strongly agree
4	Agree
3	Undecided
2	Disagree
1	Strongly disagree

Indicator	Assessment				
General Governance					
1. Is there a clear identification of the powers, roles, responsibilities and accountabilities between the Board, the Chief Executive Officer and management?	5	4	3	2	1
2. Are the roles, responsibilities and objectives of the Board clearly stated and well understood by Directors?	5	4	3	2	1
3. Is there a good understanding of management's responsibilities in relation to internal control?	5	4	3	2	1
4. Is there a sound system of procedural and financial delegations approved by the Board? Does it promote efficiency as well as control?	5	4	3	2	1
5. Are there appropriate decision making processes adopted by the Board? Is there a clear distinction between what decisions should be made by the Board and those decisions that should be made by the organisation's management?	5	4	3	2	1
6. Are decisions that should be made by the Board, clearly documented and understood?	5	4	3	2	1
7. Are there processes governing policy development, implementation and review, which ensure that the Board approves new policy?	5	4	3	2	1
8. Is there a clear separation of roles and responsibilities between the Board, the Chief Executive Officer and management?	5	4	3	2	1
9. Are appointments made to the Board with regard to the skill requirements of the Board?	5	4	3	2	1
10. Are there adequate induction processes for new Board members?	5	4	3	2	1
11. Does the Board have collectively, a mix of appropriate skills, knowledge and experience?	5	4	3	2	1

Indicator	Assessment				
Independence					
12. Is the majority of the Board independent of the Chief Executive Officer, management team and commercial dealings with the organisation?	5	4	3	2	1
13. Are appropriate policies and procedures to identify any potential conflicts of interest identified?	5	4	3	2	1
14. Are there adequate policies and procedures to deal with potential conflicts of interest, once it is identified?	5	4	3	2	1

Indicator	Assessment				
Board Performance					
15. Are regular Board meetings held and are financial reports tabled?	5	4	3	2	1
16. Is the Board agenda with the necessary information provided far enough in advance of meetings to ensure the Board is:					
• Adequately prepared?	5	4	3	2	1
• Agenda enables the Board to complete its business?	5	4	3	2	1
• Adequate time to discuss major issues?	5	4	3	2	1
17. Are Board meetings conducted to encourage the contribution from all Directors?	5	4	3	2	1
18. Is the frequency of Board meetings adequate to effectively address Bridge Housing Limited business?	5	4	3	2	1
19. Do Board members have access to independent professional advice to enable them to discharge their duties?	5	4	3	2	1
20. Are there mechanisms to monitor Board performance?	5	4	3	2	1

Indicator	Assessment				
Code of Conduct					
21. Is there a written Code of Conduct to be followed by the Board, Chief Executive Officer and staff?	5	4	3	2	1
22. Is this Code of conduct communicated and understood by the Board, Chief Executive Officer and staff?	5	4	3	2	1
23. Are there clear guidelines in the Code of Conduct in relation to conflict of interest?	5	4	3	2	1

Indicator	Assessment				
Strategy Setting and Planning					
24. Is there a Strategic Plan, and is it supported by Business Plan budgets?	5	4	3	2	1
25. Are there clearly defined performance measures (operational and financial) incorporated into the plans?	5	4	3	2	1
26. Is the Strategic/Business plan regularly reviewed to ensure it is consistent with Board direction?	5	4	3	2	1
27. Are Strategic and Business Plan objectives successfully communicated within the organisation?	5	4	3	2	1

Indicator	Assessment				
Risk Management					
28. Is there a Risk Management Plan that is supported by risk management strategies?	5	4	3	2	1
29. Is the risk management plan reviewed regularly to ensure new risks are identified and risk management strategies are put into place?	5	4	3	2	1

Indicator	Assessment				
Financial and operation Reporting					
30. Are there appropriate performance measures, financial and non financial, which enable the efficiency and effectiveness of the organisation to be assessed?	5	4	3	2	1
31. Do reports efficiently and effectively communicate key financial data?	5	4	3	2	1
32. Are the financial reports prepared on a full accruals basis as required under the Australian Accounting Standards?	5	4	3	2	1
33. Do financial reports show a comparison between year-to-date, budget, last year-to-date and full-year data?	5	4	3	2	1
34. Are financial reports supported by explanations of significant variations?	5	4	3	2	1
35. Are financial reports provided to the Board at least monthly?	5	4	3	2	1
36. Are financial reports provided to the Board in sufficient time to enable review before meetings?	5	4	3	2	1

Suggestions for improving Board performance

Board Member Name

Date Completed