

Royal Perth Yacht Club of Western Australia Inc.



Corporate Governance Manual

2023 Update

ROYAL PERTH YACHT CLUB
OF WESTERN AUSTRALIA
INCORPORATED

GOVERNANCE MANUAL

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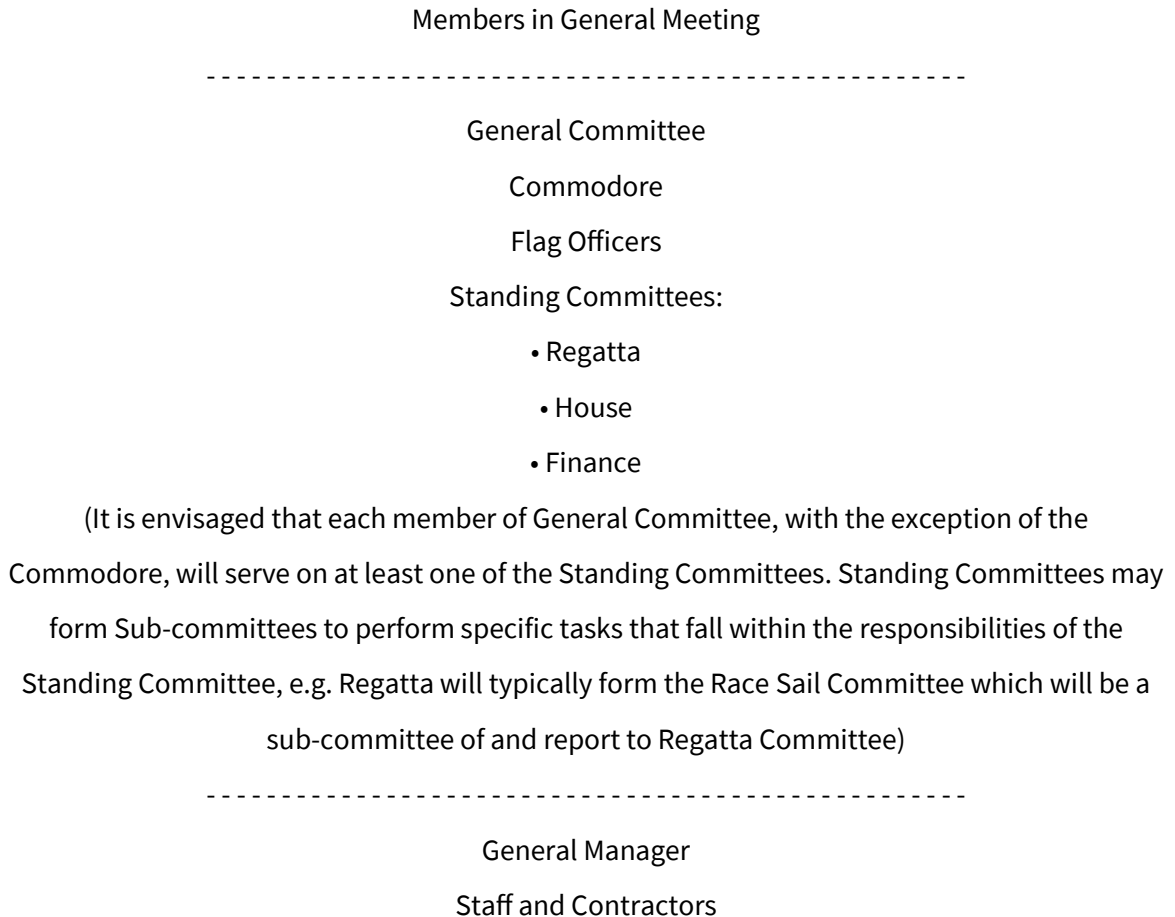
1. Purpose of this manual

- 1.1. The purpose of this manual is to detail the manner in which the operations of Royal Perth Yacht Club of Western Australia Inc (“the Club”) are governed. The manual specifies the system by which the business operations of the Club are directed and controlled specifying the rights and responsibilities among the different participants in the Club, such as the members, the General Committee, the Flag Officers, and employees.
- 1.2. The Club turns over Flag Officer positions at least every two years resulting in regular changes to the composition of General Committee. It is recognised that the systematic changes in the composition of General Committee and Flag Officer positions could result in disruption to the management of the Club. The purpose of this manual is to provide a consistent framework for the management of the Club over time notwithstanding the changing composition of General Committee. Compliance with this manual will facilitate consistency in the governance of the Club over time. Consistency in the governance of the Club will underpin stability in the management of the Club’s operations facilitating efforts to achieve a consistently high level of performance over time.
- 1.3. The corporate governance principles outlined in this manual recognise that:
 - 1.3.1. The General Committee is the sole entity in the Club to exercise the member representative role. This role cannot be delegated;
 - 1.3.2. The member representative role should not be confused with operational management.
 - 1.3.3. The member representative role involves:
 - 1.3.3.1. Articulating the strategic direction being pursued by the Club consistent with the objectives of the Club;
 - 1.3.3.2. Establishing policies for the operation of the Club;
 - 1.3.3.3. Approving operating and capital expenditure budgets formulated by management;

- 1.3.3.4. Monitoring performance against plans and budgets;
 - 1.3.3.5. Monitoring compliance with regulatory obligations;
 - 1.3.3.6. Monitoring the implementation of an appropriate risk management plan;
 - 1.3.3.7. Reporting to members on the performance of the Club; and,
 - 1.3.3.8. Facilitating informal consultation with and feedback from a broad cross-section of members as input to strategic and operational reviews.
- 1.3.4. Operational management is the responsibility of the General Manager and involves:
- 1.3.4.1. Day to day management of all Club operations consistent with the strategic direction articulated by the General Committee and the policies established by General Committee;
 - 1.3.4.2. Managing compliance with regulatory and contractual obligations;
 - 1.3.4.3. Achieving operating plans and budgets;
 - 1.3.4.4. Employing appropriate staff to achieve operating plans and budgets;
 - 1.3.4.5. Managing the performance of staff including dealing with the hiring and termination of staff when necessary;
 - 1.3.4.6. Managing the Club's relationship with suppliers, contractors, lessors and regulatory authorities; and,
 - 1.3.4.7. Developing an appropriate risk management plan and managing that plan's implementation.
- 1.3.5. The Club operates a mature business that is unlikely to undergo any significant sudden change. Changes may occur in the operations of the Club over time but such changes are likely to be incremental in nature.

2. Description of the Club’s Governance Structure

2.1. A broad overview of the governance structure of the Club may be depicted diagrammatically as follows:



2.2. The diagram reflects:

- 2.2.1. The role of members in general meeting to elect the office bearers and members of General Committee;
- 2.2.2. The boundary between the role of members in general meeting and the role of the General Committee and its officers in undertaking the member representative role described in subparagraphs 1.3.3.1 to 1.3.3.7 above; and,
- 2.2.3. The boundary between the role of the General Committee and its officers in undertaking the member representative role described in sub-paragraphs 1.3.3.1 to 1.3.3.7 above and the role and responsibilities of the General Manager in the operational management role described in sub-paragraphs 1.3.4.1 to 1.3.4.7 above.

- 2.3. The boundaries described in paragraphs 2.2.2 and 2.2.3 above shall not be crossed. For example, members in general meeting shall not interfere with the Club Officers and General Committee undertaking the member representative role and the Club Officers and General Committee shall not interfere in operational management matters that are the responsibility of the General Manager.

3. Roles and Responsibilities:

3.1. The General Committee:

- 3.1.1. The General Committee is the sole entity in the Club to exercise the member representative role. This role cannot be delegated to either Flag Officers or sub-committees of the General Committee or staff. However, the sub-committees of the General Committee may assist the General Committee in the exercising its member representative role by undertaking analysis and formulating recommendations for the General Committee to consider and, where appropriate, adopt;
- 3.1.2. In undertaking the member representative role, the General Committee:
- 3.1.2.1. In its sole discretion and in confidence, approves or reject membership to the Club being granted to nominated persons;
- 3.1.2.2. Articulates for members the strategic direction being pursued by the Club under the direction of the General Committee which must be consistent with the objectives of the Club;
- 3.1.2.3. Establishes policies for the operation of the Club including through approving recommendations from Standing Committees;
- 3.1.2.4. Creates a clearly defined Strategic Plan, Ends Policies¹and Management Limitations Policies²to guide the General Manager and hold the General Manager accountable;
- 3.1.2.5. Approves operating and capital expenditure budgets formulated by management subject to the supervision of the General Manager;
- 3.1.2.6 Approves any new debt facilities and or alterations to existing debt facilities and any bank covenants relating thereto.
- 3.1.2.7. Monitors operating performance against plans and budgets;

- 3.1.2.8. Monitors compliance with regulatory obligations;
- 3.1.2.9. Monitors compliance with the Club’s Constitution and By-Laws;
- 3.1.2.10. Monitors the implementation of an appropriate risk management plan; and,
- 3.1.2.11. Reports to members on the performance of the Club in accordance with regulatory obligations and requirements of the Club’s Constitution and By-Laws;
- 3.1.3. The General Committee shall refer issues that fall within the portfolio of a Standing Committee to the relevant Standing Committee to analyse and develop recommendations for General Committee to consider; and,
- 3.1.4. The General Committee shall refer issues of concern relating to operational management to the General Manager to review and address as the General Manager determines is appropriate consistent with the policies established by General Committee.
- 3.2. The Standing Committees:
 - 3.2.1. The Standing Committees of the Club comprise:
 - 3.2.1.1. The Regatta Committee;
 - 3.2.1.2. The House Committee; and,
 - 3.2.1.3. The Finance Committee;
 - 3.2.2. The portfolio of Regatta Committee covers:
 - 3.2.2.1. all on water activities and events;
 - 3.2.2.2. the marinas at Crawley and Fremantle;
 - 3.2.2.3. the hardstands at Crawley and Fremantle;
 - 3.2.2.4. boat maintenance areas;
 - 3.2.2.5. the boat fuelling operations;
 - 3.2.2.6. boat lifters and cranes;
 - 3.2.2.7. workshops; and,
 - 3.2.2.8. the Club’s boats;

¹ Ends Policies – expected performance outcomes in terms of benefits desired by members (refer to paragraph 9.1 and section 10).

² Management Limitations Policies – constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place (refer to paragraph 9.2 and section 10).

- 3.2.3. The portfolio of House Committee covers:
 - 3.2.3.1. all land based activities and events with the exclusion of those referred to in sub-paragraphs 3.2.2.3 to 3.2.2.7.
 - 3.2.3.2. the Club House buildings at Crawley and Fremantle;
 - 3.2.3.3. the car parks at Crawley and Fremantle; and,
 - 3.2.3.4. membership.
- 3.2.4. The portfolio of Finance Committee covers:
 - 3.2.4.1. financial reporting and accounting policies;
 - 3.2.4.2. the Club's relationship with its auditor;
 - 3.2.4.3. budgets; and,
 - 3.2.4.4. financial management and financing.
 - 3.2.4.5 governance framework
 - 3.2.4.6 risk management framework (safety and insurance)
- 3.2.5. The Standing Committees are responsible for reviewing all issues that fall within their portfolio and:
 - 3.2.5.1. Monitoring and reporting to General Committee on management's execution of plans and strategies in accordance with the policies approved by General Committee;
 - 3.2.5.2. Monitoring and reporting to General Committee on compliance with statutory and contractual obligations;
 - 3.2.5.3. Generating recommendations to General Committee for approval in relation to those matters that fall within the General Committee's responsibilities described in subparagraph 3.1 above; and,
 - 3.2.5.4. Referring operational management issues to the General Manager for his/her attention.

3.2.6. Recommendations to the General Committee are to be brought to the General Committee either in or as an appendix to the minutes of the meetings of the relevant Standing Committee. Each recommendation shall be supported by a summary detailing:

3.2.6.1. The recommendation;

3.2.6.2. Why the recommendation should be adopted including how it fits with the strategic direction and objectives of the Club; and,

3.2.6.3. A cost-benefit analysis including commentary on any implications for financial performance and achievement of the budget.

3.3. The Commodore:

3.3.1. The roles and responsibilities of the Commodore include:

3.3.1.1. Acting as chairman of general meetings of members and meetings of the General Committee with all the commonly accepted powers of that position (e.g. ruling on issues arising during the course of the meeting; recognising members of General Committee wishing to bring business to the meeting and be heard at the meeting; etc);

3.3.1.2. Working with the General Manager to develop agendas for meetings of the General Committee;

3.3.1.3. Maintaining the integrity of processes of the General Committee including compliance with this Corporate Governance Manual; and,

3.3.1.4. Representing the Club and the General Committee to outside parties including the media.

3.3.2. The Commodore has no authority other than that granted to him by:

3.3.2.1. The Constitution and the By-Laws of the Club; and,

3.3.2.2. As granted to the position of Commodore by the General Committee acting in a manner consistent with the Constitution and By-Laws of the Club.

3.4. The General Manager

3.4.1. The role and responsibilities of the General Manager include:

- 3.4.1.1. Managing the operations of the Club to achieve the required goals as detailed in Ends Policies established by the General Committee working within the Management Limitations Policies established by the General Committee;
- 3.4.1.2. Reporting to the General Committee, both directly at General Committee meetings and through the relevant Standing Committees, on the operating performance of the Club;
- 3.4.1.3 Report to the General Committee in a timely manner the Statement of Financial Position, Income Statement, Division Reporting for each calendar month with updated Fiscal Year Monthly Cash Flow Forecasts.
- 3.4.1.4. Reporting to General Committee on any breakdowns in compliance with contractual and regulatory obligations;
- 3.4.1.5. Reporting to General Committee on the development and implementation of risk management plans;
- 3.4.1.6. Advising General Committee on compliance with regulatory obligations provisions of the Club's Constitution and By-Laws; and,
- 3.4.1.7. Working with the Commodore in developing agendas for General Committee meetings.

3.4.2. Where approved by the Commodore or General Committee, the General Manager is authorised to speak externally on behalf of the Club on matters of public interest, subject to any comments being consistent with the Club's strategic direction, objectives and operational policies.

4. General Committee Accountability

- 4.1. The General Committee is accountable for its performance to members.
- 4.2. The General Committee shall ensure that the Club operates in a manner that is consistent with the objectives of the Club achieving outcomes desired by members.
- 4.3. Notwithstanding that the General Committee is primarily accountable to the members of the Club; the General Committee shall also recognise that the Club has ethical and legal obligations to the community.
- 4.4. The General Committee shall ensure that appropriate processes have been established to identify and manage risk to an acceptable level.
- 4.5. At least once a year, the General Committee shall report to members on:
 - 4.5.1. The strategic objectives being pursued by the General Committee and progress towards achieving those strategic objectives;
 - 4.5.2. The operations of the Club and the delivery of outcomes desired by members;
 - 4.5.3. The financial performance and the financial position of the Club ensuring that the financial reports distributed to members are audited; and,
 - 4.5.4. The Club's approach to identifying and managing risk.

5. General Committee Operating Plan

- 5.1. This area of the Governance Manual mandates the key parameters for the operating dynamics of the General Committee. It outlines the minimum set of activities expected from the General Committee in carrying out its accountabilities.
- 5.2. Meetings of General Committee:
 - 5.2.1. The General Committee will meet at least 9 times per year.

- 5.2.2. In the meeting immediately following the Annual General Meeting, the Commodore (after consulting with Flag Officers prior to the meeting) will make a recommendation to the General Committee as to the composition of Standing Committees. General Committee will then determine the composition of the Standing Committees.
- 5.2.3. The General Committee will approve the scope of the annual financial audit by the end of November each year. By the End of February, the General Committee will appoint an external Auditor to perform the auditing requirements of the Club and attend the Annual General Meeting. The auditor must be perceived as being independent and not be the same person or business for more than five out of eight fiscal years.
- 5.2.4. The Annual Operating Budget and the Annual Routine Capital Expenditure Budget are to be considered by the General Committee before the end of April in the year preceding the budget year. The budgets will be brought to the General Committee meeting as a recommendation from the Finance Committee. The Annual Operating Budget and Routine Capital Expenditure Budget approved by General Committee establish the financial goals that the General Manager will seek to achieve.
- 5.2.5. In the meeting following the meeting at which the Annual Operating Budget and the Annual Routine Capital Expenditure Budget are approved, the General Committee shall agree End Policies and Management Limitation Policies to apply for the following year. These policies may be reviewed during the year.
- 5.2.6. General Committee meetings will consider recommendations from:
 - 5.2.6.1. The Standing Committees on matters that fall within the accountabilities of each Standing Committee;
 - 5.2.6.2. The General Manager on operational issues that either fall outside of the Management Limitations Policies established for executive management or are matters that the General Manager wishes to be considered by General Committee; and,

- 5.2.6.3. Members of General Committee who may raise issues for consideration by General Committee in that part of the meeting set aside for “Other Business”.
- 5.2.7. Recommendations to General Committee shall be supported by a briefing paper setting out:
 - 5.2.7.1. What is proposed;
 - 5.2.7.2. Why the recommendation should be adopted including how it fits with the strategic direction and objectives of the Club;
 - 5.2.7.3. Any risks associated with the proposal, how the risks will be managed, and the assessed residual risk after application of appropriate controls; and,
 - 5.2.7.4. If expenditure is involved, a cost-benefit analysis including commentary on any implications for financial performance and achievement of the budget.
- 5.2.8. A formal agenda is critical for meetings of the General Committee because it establishes the requisite discipline in preparation for and discussion at the meetings. An agenda will be prepared by the Commodore in consultation with the General Manager and circulated, together with any reports, minutes and papers to be considered at the meeting, at least five days before the meeting. The agenda for General Committee meetings will include following:
 - 5.2.8.1. Attendance and apologies
 - 5.2.8.2. Minutes of the previous meeting
 - 5.2.8.3. Agree agenda timing and declaration of any conflicts
 - 5.2.8.4. Business arising from the previous meeting
 - 5.2.8.5. General Manager’s report including any recommendations for consideration by General Committee
 - 5.2.8.6. Finance Committee’s report including any recommendations for consideration by General Committee
 - 5.2.8.7. Regatta Committee’s report including any recommendations for consideration by General Committee
 - 5.2.8.8. House Committee’s report including any recommendations

for consideration by General Committee. (Membership issues, including the Ballot, will be addressed as part of the House Committee’s report)

5.2.8.9. Other business including any recommendations for consideration by General Committee

5.2.8.10. Preview of any issues of significance to be considered at The next meeting of General Committee

5.2.8.11 Leave of Absence Approvals

5.2.8.12 ‘In Camera Session’

5.2.9. Papers requiring a decision at the meeting must be circulated at least five days before the meeting. If a paper requiring a decision is circulated less than five days before the meeting, it cannot be considered at the meeting except with the unanimous approval of the General Committee members present at the meeting. Members of General Committee are encouraged to circulate any comments on the proposal in writing prior to the meeting at which the required decision is expected to be made rather than making oral comments at the meeting.

6. Standing Committees Accountability and Authority

6.1. Each Standing Committee is accountable for its performance to General Committee and through General Committee to members.

6.2. Each Standing Committee shall, within its portfolio responsibility (refer to paragraph 3.2):

6.2.1. monitor the performance of the Club;

6.2.2. consider emerging issues; and,

6.2.3. develop strategies,

in order to report to and make recommendations to General Committee so that the General Committee can ensure that the Club operates in a manner that is consistent with the objectives of the Club achieving outcomes desired by members.

- 6.3. In relation to operational issues that may be addressed by the General Manager within the Management Limitations Policy established for executive management by General Committee, each Standing Committee may, within its portfolio responsibility (refer to paragraph 3.2), make recommendations to the General Manager on operational matters which may or may not be adopted by the General Manager. This will not require a recommendation to General Committee unless the General Manager wishes to bring the matter to General Committee rather than acting on his own.
- 6.4. Should a Standing Committee wish to make a recommendation on an operational issue that cannot be addressed by the General Manager within the Management Limitations Policy established for executive management by General Committee, then that recommendation must be brought to General Committee.
- 6.5. Standing Committees and individual members of General Committee have no capacity to commit the Club to contractual obligations, whether incurring liabilities or disposing of assets, other than through recommendations to either the General Manager or General Committee which may or may not be adopted.

7. Standing Committee Operating Plan

- 7.1. This area of the Governance Manual mandates the key parameters for the operating dynamics of the Standing Committees. It outlines the minimum set of activities expected from the Standing Committees in carrying out their accountabilities.
- 7.2. Each Standing Committee will meet at least nine times per year.
- 7.3. Standing Committees will only deal with issues that fall within the relevant Standing Committee's portfolio responsibilities (refer to paragraph 3.2).

- 7.4. The agenda for the meetings of each Standing Committee will be developed by the Chair of the Standing Committee in consultation with the General Manager.
- 7.5. Minutes of all meetings of Standing Committees must be made available to General Committee. In addition to summarising the issues considered at each meeting, those minutes must detail:
 - 7.5.1. Recommendations to the General Manager on operational issues and whether those recommendations are being actioned by the General Manager; and,
 - 7.5.2. Recommendations for the General Committee to consider and, if appropriate, approve. The recommendations to General Committee must be supported by a briefing paper as described in paragraph 5.2.6 above.

8. General Manager Accountability

- 8.1. Having been given the required goals of the Club as established by the General Committee, the General Manager is responsible for managing the operations and resources of the Club to achieve those goals. For this reason, the sole interface between the General Committee and the staff of the club on operational and management issues is through the General Manager.
- 8.2. The General Manager is the key management position in the Club and care must be taken by General Committee in defining the skills and capabilities required for this role and in selecting a General Manager should the position become vacant.
- 8.3. The General Committee and individual members of General Committee will not give instructions to persons who report directly or indirectly to the General Manager.
- 8.4. The General Committee will not evaluate, either formally or informally, the job performance of any management position in the Club other than that of General Manager. It is the responsibility of the General Manager to hire staff, evaluate their performance, and when necessary, deal with the termination of staff.

- 8.5. All Management Limitations Policies imposed on the General Manager are limitations imposed on all management and staff of the Club so that violation by any staff member is a violation by the General Manager.

9. Delegation to the General Manager

- 9.1. The General Committee will, from time to time, develop a Strategic Plan, General Manager Key Performance Metrics along with other policies instructing that the management of the Club, under the leadership of the General Manager, achieve certain benefits for members. The Strategic Plan, General Manager Key Performance Metrics and other policies may range from being broad and general to more defined depending upon the discretion that the General Committee wishes to grant to management of the Club. These Strategic Plan, General Manager Key Performance Metrics and other policies are to be known as the ‘Ends Policies’.
- 9.2. The General Committee will develop policies that limit the latitude the General Manager may exercise in pursuing the goals of the Club. These policies may range from being broad and general to more defined depending upon the discretion that the General Committee wishes to grant to management of the Club. These policies are called Management Limitation Policies.
- 9.3. Included in Ends Policies will be the achievement of the annual operating budget and the annual routine capital expenditure budget.
- 9.4. Included in Management Limitations Policies will be the authority to incur any liability up to a limited dollar amount and the authority to deal with the disposition of assets up to a limited value.
- 9.5. As long as the General Manager uses a reasonable interpretation of the General Committee’s Ends Policies and Management Limitations Policies, the General Manager is authorised to establish all further policies, make all decisions, take all

actions, create all capabilities, establish all practices, and develop the entire management culture of the Club necessary to achieve the goals of the Club established by General Committee.

- 9.6. The General Committee may vary and update its Ends Policies and its Management Limitations Policies thereby changing the latitude given to the General Manager and therefore management. However, so long as any particular delegation is in place, the General Committee will respect and support the choices taken by the General Manager. Any concerns are to be raised and addressed through the appropriate Standing Committee or through General Committee.

10. Review the General Manager's performance and compensation

- 10.1. Review of the performance of the General Manager will be undertaken solely against the General Committee's Ends Policies, Management Limitations Policies. The review of the General Manager's performance is inextricably linked to the Club's performance in these areas.
- 10.2. The purpose of review is to provide feedback to the General Manager as to the degree to which the General Committee concludes that the Ends Policies and Management Limitations Policies, established by the General Committee, are being fulfilled by the General Manager.
- 10.3. The performance of the General Manager will be evaluated during May of each year by the Flag Officers and the Honorary Treasurer. Any performance linked to financial rewards are to be evaluated, communicated, and paid as required to the General Manager within the first 30 the annual report being published.
- 10.4. A formal review of remuneration will be undertaken every year during May by the Flag Officers and Honorary Treasurer as part of an annual performance review.

- 10.5. Compensation is to be competitive with similar positions within the marketplace while placing a portion of compensation at risk by tying it to achievement of Ends Policies and or compliance with Management Limitations Policies.

11. General Committee's Code of Conduct

11.1. The General Committee:

- 11.1.1. Commits itself to ethical, business-like, and lawful conduct, including proper use of authority and appropriate decorum when acting as a General Committee;
- 11.1.2. Recognises that its primary duty is to represent the entire membership of the Club whilst recognising that occasions may arise when it is appropriate to advocate the particular needs of members in a specific area.
- 11.1.3. Recognises that the strength and effectiveness of the General Committee is in acting as a General Committee and not as a group of individuals. Members of General Committee will publicly support:
- 11.1.3.1. The strategic direction of the Club;
- 11.1.3.2. All decisions of General Committee; and,
- 11.1.3.3. Those implementing decisions and policies of General Committee;
- 11.1.4. Shall ensure that there is an atmosphere in which controversial or confronting issues can be presented fairly and in a manner in which the dignity of each individual is maintained; and,
- 11.1.5. Shall delegate administrative authority to the General Manager and confine General Committee action to items outlined in the Constitution, By-Laws, this Governance Manual and other legal responsibilities;

- 11.2. The General Committee and the General Manager must avoid any conflict of interest relating to financial or operational issues connected with the Club. This includes any potential perceived conflict of interest. Apart from purchases from the Club that are open to all members to make, there must be no direct or indirect dealing or any conduct of private business or personal services between any member of General

Committee, or any of their associates, and the Club except as procedurally controlled to assure openness, competitive opportunity and equal access to information. A member of General Committee shall withdraw from a resolution or decision on any matter in which they have such a conflict, a direct or indirect interest, whether financial or non-financial.

- 11.3. Members of General Committee must recognise that from time to time they may be exposed to or find themselves in a position of discussing confidential information. Confidential information is privileged and may not be discussed in any context outside the parameters of General Committee.
- 11.4. The Club seeks superior performance but never through unethical or illegal business practices. Members of General Committee shall endeavour to ensure that the Club deals fairly with members, suppliers, employees, competitors, and the community at large.
- 11.5. All members of General Committee commit to giving their best endeavours to attending nine General Committee meetings per calendar year plus one Annual General Meeting and one Mid-Year General Meeting of members. If a member of General Committee is to be absent from a meeting, the preferred communication is to be by an application for leave of absence given at least one meeting prior to the intended absence. In the case of a late, urgent and unavoidable need to be absent, members of General Committee are to tender their apologies by direct communication with the Commodore.