

11.1.1 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - PROPOSED CHANGES TO GOVERNANCE STRUCTURE OF HEALTHY WATERWAYS LIMITED

File No:	ECM
Author:	Coordinator Biodiversity Regional Strategy & Planning Department
Attachments:	Att 1 - Proposed changes to governance arrangements for Healthy Waterways Att 2 - Healthy Waterways Ltd constitution and proposed amendments (<i>Under Separate Cover</i>) Att 3 - Healthy Waterways Ltd Network Rules and proposed amendments (<i>Under Separate Cover</i>)

This report is confidential in accordance with section 275 (f) (h) of the *Local Government Regulation 2012* as it contains information relating to starting or defending legal proceedings involving the local government; AND other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.

PURPOSE

The purpose of this report is to seek Council support for proposed changes to Healthy Waterways Limited's governance arrangements and to delegate authority to the Chief Executive Officer or their delegate, to act as Council's representative on Healthy Waterways Limited matters.

EXECUTIVE SUMMARY

Healthy waterways and coastal foreshores are identified as an emerging priority in Council's Corporate Plan and contribute to the Sunshine Coast's natural advantage. To address this priority, Council prepared the *Sunshine Coast Waterways and Coastal Management Strategy 2011-2021*, which provides strategic direction for managing the Sunshine Coast's waterways and coastal foreshores over the next 10 years.

Partnerships and effective monitoring and evaluation mechanisms are critical to achieving the outcomes of the Strategy. To help achieve these outcomes, Council partners with Healthy Waterways Ltd (HWL).

Healthy Waterways Ltd is a not-for-profit, membership-based organisation that works to protect and improve the health of waterways (streams and tidal and bay waters) in South East Queensland. Healthy Waterways delivers the regional Ecosystem Health Monitoring Program, including the well-known annual river report card assessments, as well as other programs in waterways science, water sensitive urban design and education.

The Sunshine Coast Council has partnered and contributed financially to Healthy Waterways Limited since its formation in 2008, along with other councils across South East Queensland, the State Government, industry and catchment organisations.

The current Healthy Waterways Ltd currently has a two-fold structure made up of an incorporated company and a network committee (of which the Sunshine Coast Council is an Investing Network Participant) which has similar rights to the company members but under a separate contractual agreement.

The company Board and Investor Network Participants have expressed concerns about the current organisational structure, in particular, the role and operation of the Network Committee and the lack of flexibility in the composition of, and appointment to the Board. In response to these concerns, an alternative governance structure for Healthy Waterways Ltd

has been proposed (Attachment 1), which would be reflected by changes to its constitution (Attachment 2) and Network Rules (Attachment 3).

The most important proposed change is to simplify the structure by combining the network into the company. Under this proposed simpler structure, the Sunshine Coast Council as a current Investing Network Participant would become a company member and have full voting rights at general meetings. Another key proposed change is to expand the Healthy Waterways Limited Board from five to seven directors and increase the flexibility of appointments to, and composition of the Board.

Council staff has considered the proposed changes and are supportive of a more flexible and simplified organisational structure. This report recommends that Council support the proposed changes to Healthy Waterway Limited's governance arrangements and delegate authority to Council's Chief Executive Officer or their nominated representative to authorise the changes on behalf of Sunshine Coast Council and to act as Council's representative on Healthy Waterways Limited matters.

OFFICER RECOMMENDATION

That Council:

- (a) support proposed changes to the governance structure of Healthy Waterways Limited; and**
- (b) delegate authority to Council's Chief Executive Officer to agree to the proposed changes on behalf of Sunshine Coast Council and to act as Council's representative on Healthy Waterways Limited matters.**

FINANCE AND RESOURCING

There are no direct financial or resource implications from the proposed changes to governance arrangements.

Sunshine Coast Council as an investing network partner has contributed \$176,000 to Healthy Waterways for the 2013–2014 financial year from the Environment Levy. It is anticipated that the 2014–2015 annual contribution will be a similar amount, which is proposed to be funded from the Environment Levy.

Contributions to Healthy Waterways are currently negotiated each year and considered by Council during the budget process.

CORPORATE PLAN

Corporate Plan Theme: *Ecological Sustainability*

Emerging Priority:

2.2. - Our natural environment preserved for the future

Strategy:

2.2.1 - Engage with the community to assist with the protection of our environment through sustainable practices and resource minimisation

Corporate Plan Theme: *Ecological Sustainability*

Emerging Priority:

2.4 - Healthy waterways and foreshores

Strategy:

2.4.2 - Maintain and improve the quality of beaches, waterways, lakes, rivers, canals and wetlands

Corporate Plan Theme: *Innovation & Creativity*

Emerging Priority:

3.1 - Partnerships and alliances that drive innovation

Strategy:

3.1.1 - Foster partnerships with governments, business and the

community to encourage innovation and sustainability

CONSULTATION

Internal Consultation

The following Sunshine Coast Council officers have been consulted about the proposed governance changes:

- Chief Legal Officer (Office of Mayor and CEO)
- Acting Manager – Environment and Sustainability Policy
- Director—Regional Strategy and Planning and
- Chief Executive Officer.

External Consultation

The following external representatives have been consulted about the proposed governance changes:

- Healthy Waterways (CEO, Senior Network Officer) and
- Senior executive officers from other Investing Network Members of Healthy Waterways (via CEO round table meetings in November 2013 and February 2014).

Community Engagement

There has been no direct community engagement by Council or Healthy Waterways about the proposed changes to Healthy Waterways' governance arrangements.

PROPOSAL

Background

Healthy Waterways is a not-for-profit, membership-based organisation that works to protect and improve the health of waterways (streams and tidal and bay waters) in South East Queensland. Healthy Waterways' members work together to achieve the vision:

“through partnerships, achieve healthy waterways in South East Queensland, where people live, work and play.”

Healthy Waterways delivers four key programs:

1. **Ecosystem Health Monitoring Program** (and report cards) delivers one of the most comprehensive marine, estuarine and freshwater monitoring programs in Australia. The program highlights whether the health of SEQ's waterways and Moreton Bay is improving or declining, and provides insight into the issues impacting on waterway health;
2. **Science and Innovation Program** provides independent scientific advice, develops innovative decision support tools and ensures that rigorous science underpins Healthy Waterways' work;
3. **Water by Design Program** enables individuals and organisations to achieve sustainable urban water management. The program uses capacity building, develops guidelines, conducts training courses and supports collaborative, science-based policy development to implement best practice water sensitive urban design; and
4. **Communication, Education and Motivation Program** develops and implements initiatives that engage and educate the community in the issue of waterway health, and motivates individual and collective community action.

Sunshine Coast Council has been a member and contributed financially to Healthy Waterways for more than a decade, along with other South East Queensland councils, the State Government, industry and catchment organisations. A detailed breakdown of the contributions from investing members is summarised in the following table. (Note that Healthy Waterways have advised that these are draft rounded figures)

% Share by sector	Member	Percent share within each sector
30% for State/State-owned corporations	EHP	50%
	SEQWater	50%
30% for Local Govt/LG-owned corporations	Brisbane	37%
	Gold Coast	18%
	Ipswich	6%
	Lockyer	2%
	Logan	10%
	Noosa	2%
	Moreton	13%
	Redland	5%
	Scenic Rim	2%
	Somerset	1%
	Sunshine Coast	9%
30% for Utilities	QUU	46%
	Unitywater	21%
	Gold Coast Water	18%
	Logan Water	10%
	Redland Water	5%
10% for Other Industries	Various Industries Partners	Varies from 1% to 20%

The programs of Healthy Waterways contribute to Council's policy objectives for waterways, as outlined in the *Sunshine Coast Waterways and Coastal management Strategy 2011–2021*. Council's participation in Healthy Waterways represents good value for money for Council, as it provides: independent monitoring and evaluation of waterway condition; access to scientific knowledge and tools to inform local waterway management; and opportunity to maintain strong region-wide partnerships.

The current Healthy Waterways organisation has a two-fold structure:

- an incorporated company—Healthy Waterways Limited—with six members (which does not include the Sunshine Coast Council) and a board of five directors; and
- a network of members that include Sunshine Coast Council—the Healthy Waterways Network—with similar rights to the company members but under a separate contractual agreement.

The Board and Investor Network Participants have expressed concerns about the current organisational structure, in particular, the role and operation of the Network Committee and lack of flexibility in the composition of, and appointment to the Board. In response to these concerns, and informed by two recent CEO round table discussions, Healthy Waterways has put forward a proposal for an alternative governance structure for Healthy Waterways Limited.

The most important proposed change is to simplify the structure by combining the Network into the company. Under this proposed simpler structure, Sunshine Coast Council as a

current Investing Network Participant would become a company member and would have full voting rights at general meetings. Another key proposed change is to expand the Healthy Waterways Limited Board from five to seven directors and increase the flexibility of appointments to and composition of the Board. It is not proposed that Council seek a Director position on the board at this time. These proposed changes are summarised in Attachment 1 which would be reflected by changes to its constitution (Attachment 2) and Network Rules (Attachment 3).

It is also proposed to review the nature and function of funding arrangements, which currently rely on annual negotiation of contributions from Network members, and the role and composition of current Healthy Waterways committees. However, no committee or funding model changes are to be considered until after the proposed structural changes to the company, Network and Board are implemented.

Legal

Council's Chief Legal Officer has been consulted prior to developing the recommendations in this report.

Delegation by Council to the Chief Executive Officer or their delegate is recommended for the authorisation of the proposed governance changes and to be Council's representative on Healthy Waterways matters. Without that delegation, any actions or decisions by Council officers may not be legally valid.

Policy

Healthy waterways and coastal foreshores are identified as an emerging priority in the Sunshine Coast Council's *Corporate Plan 2009-2014*. To address this priority, Council prepared the *Sunshine Coast Waterways and Coastal Management Strategy 2011-2021*, which provides strategic direction and a framework for managing the Sunshine Coast's waterways and coastal foreshores over the next 10 years.

Partnerships and monitoring and evaluation (adaptive management) are identified in the Strategy as key principles that underpin the desired outcomes for our natural waterways. Council's participation in Healthy Waterways aligns strongly with these principles, and is a specific action (NW3.3) in the Implementation Plan that was endorsed by Council in 2011.

Risk

There are no notable risks associated with support of the proposed governance changes for Healthy Waterways, as Council's ongoing support of Healthy Waterways and its programs remains subject to annual consideration of budgets and resources.

In the revised Healthy Waterways Limited constitution, if the company is wound up each member may be required to contribute an amount not exceeding \$10 towards payments of debts and liabilities.

Sunshine Coast Council has built a strong reputation in South East Queensland for its policy, on ground programs, leadership and collaborative approach in waterway management. If the Sunshine Coast Council is at odds with other members of Healthy Waterways with respect to this fundamental governance issue, there may be some minor impact on Council's reputation in this area.

Previous Council Resolution

Participating in the Healthy Waterways Network is an action (NW3.3) in the Implementation Plan for the *Sunshine Coast Waterways and Coastal Management Strategy* that was endorsed through Council Resolution OM 11/23 – Ordinary Meeting 2 February 2011.

Council Resolution (OM11/23)

That Council:

- (a) *receive and note the report entitled "Sunshine Coast Waterways and Coastal Management Strategy 2011 – 2021";*
- (b) *adopt the Sunshine Coast Waterways and Coastal Management Strategy 2011 - 2021 (Appendix A) as amended, as the key document to guide Council in future waterway and coastal planning and management decisions;*
- (c) *adopt the Sunshine Coast Waterways and Coastal Management Strategy Implementation Plan 2011-2021 (Appendix B);*
- (d) *refer the Sunshine Coast Waterways and Coastal Management Strategy Implementation Plan 2011-2021 to the 2011/2012 operational plan and budget process; and*
- (e) *acknowledge and thank the wider community for their contributions in the development of the Sunshine Coast Waterways and Coastal Management Strategy 2011-2021.*

Related Documentation

- Sunshine Coast Council Corporate Plan 2009–2014 and
- Sunshine Coast Waterways and Coastal Management Strategy 2011–2021.

Critical Dates

Sunshine Coast Council and other Network members will vote on the proposed changes in a special Network Committee meeting in mid April (see Proposed Timeline, Attachment 1).

Implementation

- Once Healthy Waterways Limited have the support of the major investing members to the proposed amendments a number of steps will be undertaken to formalise the changes
- It is recommended that the manager of Environment and Sustainability Policy would be Council's regular representative in the new governance arrangements and
- Continuation of the partnership with Healthy Waterways Limited to improve the health of waterways (streams and tidal and bay waters) in South East Queensland and in particular on the Sunshine Coast.