



STRATEGIC POLICY  
**MOUNT ISA CITY COUNCIL**  
**Business Enterprises Policy**

COUNCIL APPROVED OM52/06/15 VERSION V1

**APPLIES TO STRATEGIC POLICIES ONLY**

This an official copy of the **Business Enterprises Policy**, made in accordance with the provisions of *Local Government Act and Regulations, Council Policies, Corporates Act 2001 and the Workplace & Safety Act 2011 and current Council Policies.*

Strategic policies are adopted by Council due to its desire to influence the direction of an issue or assist in the delegated decision making of Council officers. Strategic policies should follow the jurisdiction provided to Council through its Corporate Plan; the **Business Enterprises Policy** is approved by the Mount Isa City Council for the operations and procedures of Council.

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 Emilio Cianetti  
**Chief Executive Officer**

DOCUMENT VERSION CONTROL					
I/R	1036087	FILE	1208 Policy Register	POLICY TYPE	Strategic (Council)
VERSION	DATE	RESPONSIBLE OFFICER		DESCRIPTION OF CHANGES	
V1.0	30.6.2015	Director Corporate & Financial Services		Document Creation – New document	
				REVIEW DUE	06/2017 Review by Council
				EXTINGUISHED	00.00.0000 No further action required.



## 1. Purpose

The direction of Council regarding the set up and management of Council Owned Facilities is vital to the efficient operation of these facilities. This policy outlines the responsibilities of relevant stakeholders and the agreed terms for the ongoing financial management of all Council Owned Business Enterprises.

## 2. Scope

The Business Enterprises Policy outlines Council's position on such aspects as the business case development. This should include the proposed contribution to the Council's corporate/strategic objectives, consultation with Council's legal counsel, relationship with Council's audit and other committees, funding arrangements, financial monitoring, roles and responsibilities of Council and Council staff in relation to the controlled entities, compliance and financial reporting requirements (both internal and external). Further, it outlines the overall management role with regard to the provision, maintenance, use and charges for the Council owned facilities.

## 3. Objectives

The objectives of this policy are to:

- Define Stakeholder responsibilities;
- Ensure legislative compliance and contractual obligations are met;
- Summarise the relationships between Council and the Business Enterprise;
- Outline the management role of the Business enterprise;
- Outline the Council's ongoing financial reporting requirements; and
- Provide direction regarding the maintenance, use and charges of the Council facilities.

## 4. Policy Statement

Council currently has three controlled entities which include Mount Isa City Council Owned Enterprises Pty Ltd (t/a MIETV), Outback at Isa Pty Ltd and Rodeo Capital Pty Ltd. To ensure transparency and direction for the current business enterprises and any future enterprises, this policy outlines the process for the establishment through to ongoing monitoring of all Council Owned Business Enterprises.

## 5. Establishment of New Business

Before a new company is established a business case must be prepared by Council's Chief Executive Officer (or their nominated person) and presented to Council for approval through Council resolution.

As a minimum the business case will include the following:

- Define how the proposal aligns into Council's Corporate Plan and Strategic Objectives,
- A Cost-benefit analysis,
- Consultation from Council's solicitor,
- Reporting Relationships (including business organisational structure, reporting line to Council, Advisory or board committees and minimum reporting standards, i.e. frequency of financial reporting, business reports to the board etc.),
- Outline of financial arrangements (i.e. financial forecast, annual budget allocations, financial monitoring, tax and superannuation compliance), and



- Defines any further documents required to establish the business (i.e. Memorandum of Understanding, Service Level Agreements, Sub-Leases, Licence Agreements, etc.).

## 7. Reporting

The Business Manager (or head of operations) will be accountable to the Board of Directors. They will maintain a strong relationship and communication line with Council's Chief Executive Officer and the Executive Team.

### Financial Reporting:

The company will undertake their end of month reconciliations and produce monthly financial statements which are sent to Council Finance officers to verify and approve.

Once approved by Council officers, the monthly financials will be distributed to the Board of Directors and tabled for the next board meeting.

Council staff will oversee the end of financial year process and be responsible for producing the consolidated accounts for external audit.

The Business Manager will be responsible for presenting an Annual Budget Proposal to the Board of Directors, no later than by 31 March each year. They must liaise with Council's Director or Corporate & Financial Services (or nominated person) to ensure that the budget is in the correct format with appropriate supporting documentation.

### Business Reporting:

The Business Manager will be responsible for providing the Board of Directors monthly business reports which will include how the business is tracking against the company's annual budget allocation.

The Board, from time to time, may request further management reports be undertaken by the Business Manager.

### Committee Reporting:

All new and existing business enterprises of Council will be included within Council's internal audit committee plan. This may be given a higher priority if the Enterprise Risk Committee deems the new or any existing companies to be of a higher risk.

Any Business Enterprises of Council may within their constitution allow for an Advisory Committee to be established. The Advisory Committees do not make any decisions but can advise the Board accordingly.

The Business Enterprise may also establish further portfolio committees (i.e. Human Resource Committee, Maintenance Committee, Marketing Committee, etc.) to provide the Board with recommendations for the Business.

## 8. Funding Arrangements

The Business Case will outline the financial forecast of the proposed business. Once approved, an appropriate budget allocation is required by Council to finance the set-up costs and any further base budget requirements.

Any approved budget allocations will be paid at the determined monthly rate of Council.

If any of Council's Enterprises require further budget allocations, the Business Manager is responsible for presenting a business case for initial approval by the Board before this is then presented to Council for final approval.

## **9. Responsibilities**

### **Chief Executive Officer (MICC)/ Director Corporate & Financial Services (MICC)**

Responsibilities include:

- Identify new business opportunities that align to Council's strategic objectives,
- Development of business case,
- The proposed company structure,
- Development of the company constitution,
- Liaison with Council's nominated solicitor for legal compliance,
- Liaison with the Australian Tax Office, Australian Business Register and Australian Securities and Investment Commission,
- Establishment of the bank accounts and signatories,
- Nominate the accounting system and superannuation clearing house,
- Work with the Business Manager to develop the chart of accounts and financial reporting arrangements,
- Ongoing monitoring of the financial statements,
- Provide high level advice to the Business Manager for long term financial sustainability.

### **Finance Officer (MICC)**

Responsibilities include:

- Support the Director Corporate & Financial Services in the required set-up of the entity,
- Ongoing support and overseeing of the end of month process of the entities,
- End of financial year processing,
- Consolidation of the annual financial statements,
- Provide the Business Manager with Council templates for Finance policies, procedures and forms.

### **Senior Human Resources Officer (MICC):**

Responsibilities include:

- Develop required Enterprise Bargaining Agreements,
- Transfer of staff and negotiation of new contracts,
- Provide the Business Manager with Council templates for Human Resource policies, procedures and forms.
- Provide Human Resource support, where resources permit, for recruitment, investigations and general enquiries to the Business Manager.

### **Senior Information Technology Officer (MICC):**

Responsibilities include:

- Provide advice regarding any required system set-up for the business,
- Provide support for ongoing system updates and introduction of new software and communications,
- Liaise with appropriate business counterparts for the ongoing monitoring of systems and back up of information of the business.

### **Elected Councillors (MICC):**

Responsibilities include:

- Approval of the company structure and constitution,
- Appointment of board chair and company secretary,
- Provide strategic guidance to any council owned entities,
- Approval of the Business Entity's annual budget proposal,
- Permitted to request a status report of the business from the Board of Directors.

**Board of Directors:**

Responsibilities include:

- Appointment of the head of the company (i.e. Business Manager),
- Development of the business plan,
- Budget monitoring and presentation to Council annual for approval,
- Appointment of any advisory committees,
- Ensure financial sustainability, and
- Compliance with the company constitution and applicable legislation.

**Business Manager (or head of company operations):**

Responsibilities include (but not limited to):

- Management of the Company,
- Reporting the Board of Directors,
- Ensuring legislative compliance,
- Ensuring the financial long term sustainability of the company,
- Ongoing monitoring of operations,
- Development of business policies, procedures and forms,
- Liaise with Council to ensure the company is following Council's strategic objectives.

## 10. Compliance

The Board of Directors (through the Business Manager) is responsible for the compliance within (but not limited) to the following areas:

Applicable Company Tax:

- Income Tax,
- Payroll Tax,
- Business Activity Statements,
- PAYG,
- Superannuation,
- FBT.

Insurance:

- Public Liability and Professional Indemnity,
- Motor Vehicle,
- Workers Compensation.

Reporting:

- ASIC,
- ABR,
- Company returns,
- Company Minutes.

Workplace Health & Safety:

- Staff tickets and licences,
- Fire Safety,
- Liquor Licencing,
- Other Relevant staff training.



## **11. Management of Council Owned Facilities**

Council will continue to own or purchase any Council Assets. These will be included in the Council's Asset Register and depreciated through the Council's Accounts. The Asset Thresholds are as follows:

Plant & Equipment >\$5,000  
Building & Other Structures >\$10,000  
Infrastructure Assets >\$10,000

Where the Business requires new Assets, a business case must be presented to the Board of Directors and once approved, submitted to Council.

All proposed capital works on any of the facilities must be communicated to Council by the 31 March each year. These will be included in the Council Capital Works Budget and once approved; the nominated Council officer will work with the Business Manager to complete the project.

Any emergent capital works must be worked through in close liaison with Council's Chief Executive Officer and be in line with Council's procurement policies.

The Business will be responsible to maintain all assets accordingly. This is reflected in the annual budget allocation approved by Council.

The Board of Directors will be responsible for the development of the Business Plan which will include any proposed fees and charges that may apply. Any fees and charges will include consideration of community obligations.

## **12. Guiding Legislation / Standards**

*Corporations Act 2001*  
*Local Government Act 2009*  
*Local Government Regulation 2012*  
*Financial Administration and Audit Act 1977*  
*Workplace Health & Safety Act 2011*

## **9. Review**

As a minimum this policy will be reviewed bi-annually. The next review date should be no later than the 30<sup>th</sup> June 2017.