



# Board Charter

**Effective from:** 22 March 2017

**Term:** Ongoing as determined by the Board

**Last endorsed:** 12 May 2020

**For Review:** Reviewed by Governance Committee May 2021 – minor amendments

Biennially; next due for Board consideration March 2024

## Purpose

This Board Charter sets out the roles, responsibilities, structure and processes of the Board of Mental Health Australia Ltd. It should be read in conjunction with the Company's Constitution and the Governance Manual that provides an overview of the governance information required to ensure Mental Health Australia best meets its strategic directions and legal obligations.

## Introduction

The Board of Mental Health Australia will govern the Company to best meet its strategic directions. The Board will maintain appropriate governance structures and accountability measures to ensure the Company remains in a strong position into the future.

As Mental Health Australia is a company limited by guarantee, the Board will ensure relevant regulatory and statutory requirements are observed and adhered to in the Company's operations.

## Objectives

The Board's key objectives relate to:

- Appointing and overseeing the CEO
- Accountability
- Strategy
- Monitoring and supervising
- Policy
- Fiduciary and legal duties
- Individual responsibilities

## Appointing and overseeing the CEO

The Board is responsible for appointing and, through the Chair, overseeing the performance of the CEO.

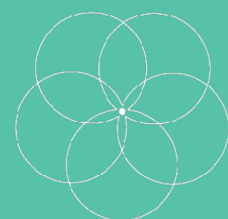
The Board is responsible for forging a strong and productive mutually trusting working relationship with the CEO for the benefit of the Company, by:

- (a) encouraging openness and honesty in all matters between the Board and the CEO
- (b) fostering this relationship between meetings (through encouraging a close working relationship between the Chairperson and the CEO)
- (c) putting in place clear written terms of appointment, position description and delegations for the CEO
- (d) agreeing annual KPIs for the CEO's performance
- (e) conducting annual CEO performance reviews against the position description and agreed KPIs
- (f) requiring and monitoring regular ongoing reporting by the CEO to the Board in a form which is meaningful and relevant
- (g) putting in place a succession plan for the CEO.

## Accountability

The Board provides accountability by ensuring:

- a) a clear written statement of roles and responsibilities for the Board exists
- b) expenditure of money and use of resources is consistent with appropriately balanced competing interests of stakeholders
- c) appropriate transparent management reporting systems exist
- d) regular effective communication with key stakeholders
- e) adequate avenues exist for people seeking bona fide communication with the company
- f) active monitoring of the viability and activities of the company
- g) statutory and formal accountabilities (e.g. to regulators, funding bodies etc) are met
- h) meaningful evaluations are conducted of the effectiveness of: (i) the board (including individual Directors); (ii) committees of the Board; (iii) the CEO
- i) relevant and meaningful professional development is provided for the Board and senior management
- j) it sets a respectful, ethical and transparent organisational culture.



## Strategy

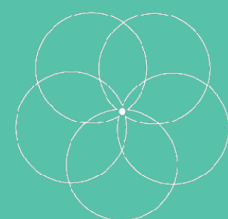
The Board is responsible for ensuring the Company pursues appropriate strategy by ensuring:

- a) accountability to members through *determining* organisational strategy
- b) delegation of responsibility to the CEO for *driving development and delivery* of strategy
- c) determination, with the CEO, of the annual cycle for strategic planning
- d) engagement of the whole Board in strategic planning and review processes
- e) inclusion of proper consideration of risks, opportunities and stakeholder views in all strategic planning
- f) inclusion of clear measurable financial and other objectives in all strategic plans
- g) preparation of business plans and budgets consistent with and to support agreed strategic plans
- h) monitoring and performance review of the Company against approved strategic plans and objectives.

## Monitoring and supervising

The Board is responsible for monitoring and supervising the governance and management of the Company by ensuring:

- (a) it actively monitors implementation of agreed strategies and policies (including budgets and financial reports)
- (b) it receives and reviews regular management reports
- (c) the Board has a direct relationship with the external auditors to ensure integrity in financial reporting
- (d) development of an appropriate documented risk management and compliance framework which is regularly monitored, reviewed and updated
- (e) appropriate use of Board committees for more detailed attention as necessary
- (f) each Director has direct access to the Company Secretary for governance-and Board-related matters.



## Policy

The Board is responsible for the development of appropriate strategic policy by ensuring:

- (a) development of key governance policies by the Board in keeping with appropriate practices in governance and legal accountability
- (b) the CEO is accountable and responsible to the Board for developing appropriate operational policies
- (c) organisational and operational policies are approved by the Board where appropriate and otherwise the Board is aware of them
- (d) there is clear delineation between Board policy and policy which is the CEO's responsibility to develop and monitor
- (e) active monitoring of all Board approved policies.

## Fiduciary and Legal Duties

As a minimum, Directors are familiar with and strive to fulfil the following personal legal and fiduciary duties of Directors including:

- (a) the duty of care and diligence
- (b) the duty to exercise powers in good faith in the interest of the Company as a whole and for a proper purpose
- (c) the duty not to misuse information or position
- (d) the duty to avoid conflict.

## Duty to comply with funding agreements and Government policies

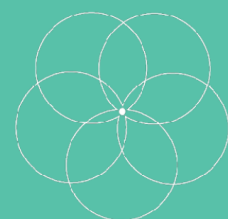
- (a) Under the funding arrangement entered into by Mental Health Australia Ltd, the Directors are responsible for the Company complying with the obligations set out therein to the satisfaction of the Commonwealth or State Government.

## Individual responsibilities

Directors are individually responsible to:

- (a) actively contribute to all aspects of the Board's role and functions as stated in this Board Charter; and
- (b) act consistently with the Company's Code of Conduct.

Directors must avoid or manage all conflicts of interests according to the Board's ***Conflict of Interest Management Policy***.



Directors are to be mindful of protecting the interests of the Company as a whole through respecting the confidentiality of all Board discussions, except only if expressly permitted or requested by the Board to discuss the matter externally and then only strictly in accordance with the Board's directions. Directors should be cognisant of the Company's requirements to adhere to the *Privacy Act (1998)* and Australian Privacy Principles.

Directors make contact with the Company's staff through the CEO or in accordance with protocols otherwise approved by the Board. As outlined above, Directors have direct access to the Company Secretary.

Directors strive to help build a strong culture within the Board and between Board and management based on the importance of openness, honesty, fostering trust and mutual respect and taking individual responsibility for their role and functions as a Director of the Company.

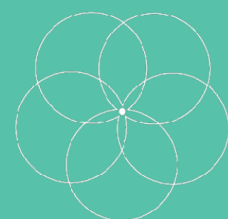
Directors strive to ensure Board meeting time is spent only on matters which are either clearly within the scope of matters which are reserved for the Board or are material within the Company's context.

Each Director is expected to contribute, including:

- Attendance at a minimum of 75% of Board meetings (including specially scheduled meetings for strategy and business planning). Directors can attend meetings via any agreed technology<sup>1</sup> (eg. teleconference, videoconference, etc). While appropriate use of technology is supported, Directors should attend scheduled face to face meetings in person *whenever possible* to foster relationships with other Directors and the senior staff.
- Advice to the Chair, Deputy Chair, Company Secretary or other Director to present on important agenda items where a Director will have a planned absence from a meeting.
- Active involvement in at least one committee of the Board, or alternate (eg. consumer and carer selection panel).
- Completion of all scheduled Board skills training or professional development.
- Active participation in and contribution to discussions at Board meetings, with input informed by ensuring all agenda papers are read and considered prior to meetings.

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<sup>1</sup> Clause 11.6, Mental Health Australia Constitution



## Authority

The Mental Health Australia Board is appointed by the Company's Voting Members (with two Board Appointed Directors permitted by the Constitution).<sup>2</sup>

The governance of the Company is the responsibility of the Board. It may exercise all appropriate powers of the Company.<sup>3</sup>

The Board may seek relevant information or obtain professional advice to fulfil its responsibilities.

## Membership

Clause 8.1 of the Constitution provides that the number of Directors must be not less than 5 and not more than 10.

The Board must consist of:

- a) At least 3 and up to 8 elected Directors; and
- b) Up to 2 Board Appointed Directors.<sup>4</sup>

The *Director Eligibility and Board Composition Policy* referenced in the Constitution<sup>5</sup> is provided in the Mental Health Australia Governance Manual. It details the membership of the Board.

Board members are required to act under the Mental Health Australia Code of Conduct, the Governance Manual, and other relevant Company policies.

## Director nomination and selection process

An Elected Director is appointed at an Annual General Meeting (AGM) of Members, with an election process annually. The Board calls for nominations no earlier than 3 months before the meeting with any Voting Member of MHA being able to nominate a person to be a candidate.

Each Elected Director will serve for a term of approximately 2 years commencing from the AGM at which the Elected Director was appointed, but is eligible for re-appointment.<sup>6</sup>

Further information can be found in the *Director Eligibility and Board Composition Policy*.

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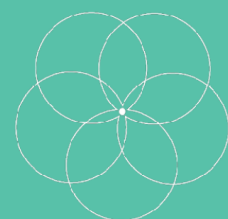
<sup>2</sup> Clause 8.14, Mental Health Australia Constitution

<sup>3</sup> Section 10: Powers of the Board, Mental Health Australia Constitution

<sup>4</sup> Clause 8.3, Mental Health Australia Constitution

<sup>5</sup> Clauses 8.5-8.9, Mental Health Australia Constitution

<sup>6</sup> Clause 8.10, Mental Health Australia Constitution



## Board Director Induction

New Board Directors attend a Board Induction which is individualised to enable an online induction or in person. This is to occur as soon as possible following the AGM and prior to the first Board meeting of the year following their appointment. All information related to the Board, governance and operations of Mental Health Australia are provided with key reference documents.

## Chair and Deputy Chair

The Chair is elected by the Board at the first Board meeting following the vacation of office of Chair.<sup>7</sup> The Chair must be a Director of the Board.

If there is no Deputy Chair, the Board may elect a Director as Deputy Chair at any time.<sup>8</sup>

## Committees of the Board

The Board may appoint one or more committees as it thinks fit and delegate any of its powers to a committee, other than the power to delegate.<sup>9</sup> See the Terms of Reference for current committees attached to this document.

Attachment A: FARM Committee

Attachment B: Governance Committee

Attachment C: Nominations Committee

## Quorum

A quorum for the purposes of a Board meeting is half the number of Directors then on the Board, rounded up to the nearest whole number.<sup>10</sup>

## Meetings and decisions

The Board must meet at least three times in each financial year<sup>11</sup> although it may meet as often as appropriate to dispatch Company business.

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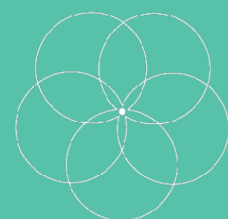
<sup>7</sup> Section 9: Chair and Deputy Chair, Mental Health Australia Constitution

<sup>8</sup> Clause 9.2, Mental Health Australia Constitution

<sup>9</sup> See Section 12: Committees of the Board, Mental Health Australia Constitution

<sup>10</sup> Clause 11.12, Mental Health Australia Constitution

<sup>11</sup> Clause 11.2, Mental Health Australia Constitution



Questions arising at Board meetings can be decided by majority vote<sup>12</sup> with the meeting chairperson having a deliberative and a casting vote if needed.<sup>13</sup> Questions arising at Board meetings are thoroughly explored to ensure voting is avoided wherever possible and all Directors support an agreed strategic direction.

The Board may make out of session decisions via written resolution signed by all Directors.<sup>14</sup> An electronic signature or notification and/or several documents in like form are permitted ie. each Director is not required to sign the one document.<sup>15</sup>

## Delegations of Authority

The Board delegates to the CEO responsibility for implementation of the Board-approved Strategic Plan and any related Operational Plans, as well as any other agreed strategic directions. Only the Board acting as a whole can instruct the CEO. The *Delegations Authority* clearly outlines the delegations attached to the CEO and other positions where relevant.

The Board Committees do not have authority to make decisions, unless expressly delegated to it by the Board for a specific matter. These will be clearly stated in the Committee's Terms of Reference (see Attachments)

## Declarations of Interest

All Directors must declare any interest, perceived or actual, in any issue before the Board.<sup>16</sup>

The Board has in place a *Conflict of Interest Management Policy* which is presented within each Board and Committee meeting papers and covers both pecuniary interests and mental health related items of interest. The Policy is updated from time to time.

Board Directors, Committee members, and Officers<sup>17</sup> of Mental Health Australia all record interests in one or both of the *Conflict of Interest Register* or *Register of Mental Health Australia interests*).

Depending on the interest, other Directors will determine if a Director continues to participate in discussion, abstains from voting, or leaves the meeting.

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<sup>12</sup> See clause 11.14, Mental Health Australia Constitution

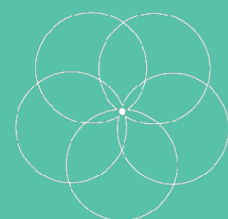
<sup>13</sup> See clause 11.15, Mental Health Australia Constitution

<sup>14</sup> See clause 11.16, Mental Health Australia Constitution

<sup>15</sup> See clauses 11.16-11.18, Mental Health Australia Constitution

<sup>16</sup> See clauses 11.20-11.22, Mental Health Australia Constitution

<sup>17</sup> Currently Chief Executive Officer and Company Secretary





## Company Secretary

The Company Secretary is to be appointed by the Directors.<sup>18</sup> The Board will set out the terms for appointment and termination of the Mental Health Australia Company Secretary.<sup>19</sup>

The role of the Company Secretary is defined in the *Corporations Act 2001* (Cth).<sup>20</sup>

The Mental Health Australia Company Secretary is responsible for providing advice to all Board members, implementing good governance practice, and supporting the effectiveness of the Board. The Company Secretary Position Description details the duties of the Mental Health Australia Company Secretary.

## Member engagement and reporting

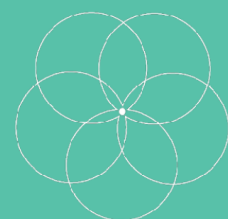
The Board must ensure the Company takes reasonable steps to be accountable to members, and allow members adequate opportunities to raise concerns about how the Company is run. The Board must ensure the Company prepares an audited annual financial report, and a Directors' Report, and make these available to members.

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<sup>18</sup> Section 204D, *Corporations Act* (2001)

<sup>19</sup> See section 15: Secretary, Mental Health Australia Constitution

<sup>20</sup> For example, see Section 188 and Part 2D.4, *Corporations Act* (2001)



## Attachment A

# FARM COMMITTEE TERMS OF REFERENCE

<b>Effective from:</b>	November 2016
<b>Last endorsed:</b>	March 2022 (Board)
<b>Date for Review:</b>	Biennially, due March 2024
<b>Term:</b>	Ongoing as determined by the Board

## Purpose

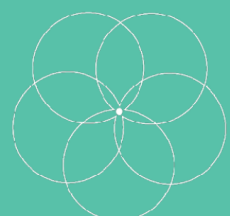
The purpose of the Finance, Audit and Risk Management (FARM) Committee is to provide ongoing support, advice and recommendations to the Mental Health Australia Board on finance, audit and compliance, and risk management issues. This includes the provision of high quality financial management and reporting, as well as due care and diligence in relation to risk assessment, mitigation strategies and monitoring.

The Finance, Audit and Risk Management Committee has jurisdiction across all activities and requires all officers to support the achievement of its objectives.

## Objectives

The FARM Committee's objectives are to:

- Provide a forum for in-depth discussion and assessment of issues related to finance, audit and compliance, and risk management issues
- Provide greater accountability and oversight of financial management, audit, compliance and accounting practices to support the Board
- Ensure quality and compliance of relevant reports (financial statements, audit reports)
- Monitor, review and recommend budgets to the Board
- Monitor and assess timing, scope and performance of internal and external audits
- Monitor compliance with relevant legislation and report compliance matters to the Board



- Monitor key corporate policies (including privacy, security, records management, business continuity, liabilities, fraud control) to promote an ethical culture within Mental Health Australia
- Provide oversight of the risk management responsibilities of Mental Health Australia and monitor if mitigation strategies are working to decrease risk.
- Advise the Board on emerging areas of risk and recommend mitigation strategies
- Examine selected projects or issues as directed by the Board.

## Authority

The FARM Committee is appointed by the Mental Health Australia Board and reports directly to the Board.

The FARM Committee has authority to make recommendations to the Board but does not have decision-making power, unless expressly delegated to it by the Board for a specific matter.

The FARM Committee may seek relevant information or obtain professional advice to fulfil its responsibilities.

## Membership

The FARM Committee will have as a minimum three Board members and up to two additional external expert members may be co-opted by the Board. The Chief Executive Officer will participate in an ex-officio capacity.

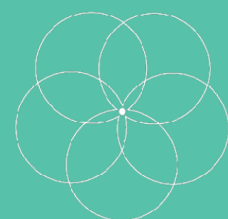
Chair: To be elected following the Annual General Meeting. The Chair must be a Director of the Board.

Members: To be elected following the Annual General Meeting, comprising three Board members, the CEO and up to two additional members co-opted by the Board (if required).

## Quorum

A quorum for the purposes of a FARM Committee meeting is half the number of members, rounded up to the nearest whole number.

If a member is unable to attend a meeting, the Board may nominate another Board member to attend in their place. The CEO may appoint an appropriate staff delegate to attend in their place.

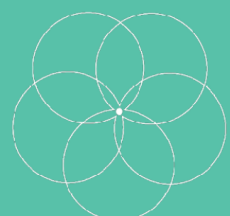


## Meetings

The FARM Committee will meet on a quarterly basis, as a minimum, in accordance with a regular reporting program, and report to the Board. The FARM Committee meetings are generally held ahead of each Board meeting. The FARM Committee may undertake decisions out of session or hold additional meetings if required.

## Reporting

The FARM Committee will report on key outcomes to the Board on a regular basis. The Committee will also provide recommendations relating to continuous improvement and assist the Board to enhance its risk management, compliance and audit processes.



## Attachment B

# GOVERNANCE COMMITTEE TERMS OF REFERENCE

<b>Effective from:</b>	October 2014
<b>Last endorsed:</b>	March 2022 (Board)
<b>Date for Review:</b>	Biennially, due March 2024
<b>Term:</b>	Ongoing as determined by the Board

## Purpose

The Governance Committee is convened by the Board to support and provide advice on matters relating to:

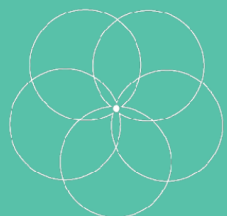
- Governance
- Constitution
- Membership
- CEO and Board performance
- Nominations and succession planning.

The Governance Committee may make recommendations to the Board in order to meet the identified needs outlined above.

The Governance Committee has jurisdiction across all activities and requires all officers to support the achievement of its objectives.

## Objectives

- Oversee development and review of a Board Charter and Board Director Position Description
- Oversee Board Induction Program
- Provide support to the Board Chair (as requested) to develop and monitor Board KPIs, monitor the Board skills matrix, and oversee Board evaluation activities
- Provide support to the Board Chair (as requested) to develop the CEO performance framework and monitor CEO KPIs
- Provide input to CEO recruitment documentation and processes (as required)



- Review and maintain a Delegations Authority, with particular reference to the CEO
- Oversee a Register of Significant Contracts
- Review membership applications and make recommendations to the Board in accordance with Section 4 (Members) of the Constitution
- *Determine and endorse* for membership any non-voting membership applications from Primary Health Networks (PHNs) as delegated by the Board<sup>21</sup>
- Oversee the organisational governance framework to ensure appropriate guidance through strategic and operational policy (through an annual policy and procedures review)
- Promote an ethical culture within Mental Health Australia, including overseeing corporate conduct, practices and procedures
- Examine selected projects or issues as directed by the Board.

## Authority

The Governance Committee is appointed by the Mental Health Australia Board and reports directly to the Board.

The Governance Committee has authority to make recommendations to the Board but does not have decision-making power, unless expressly delegated to it by the Board for a specific matter.

In September 2016, the Board delegated to the Governance Committee decision making and endorsement of Non-Voting member applications from Primary Health Networks.

The Governance Committee may seek relevant information or obtain professional advice to fulfil its responsibilities.

## Membership

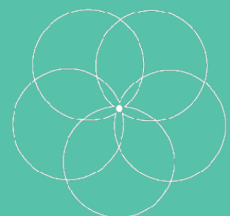
The Governance Committee will have as a minimum three Board Directors. The Chief Executive Officer will participate in an ex-officio capacity. Up to two additional external expert members may be co-opted by the Board.

Chair: To be elected following the Annual General Meeting. The Chair must be a Director of the Board.

Members: To be elected following the Annual General Meeting, comprising three Board Directors, the CEO and up to two additional members co-opted by the Board (if required).

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<sup>21</sup> In line with Board resolution at its 7 September 2016 meeting



## Quorum

A quorum for the purposes of a Governance Committee meeting is half the number of members, rounded up to the nearest whole number.

If the quorum cannot be met, the Board may nominate another Board Director to attend. The CEO may appoint a delegate to attend in their place.

## Meetings

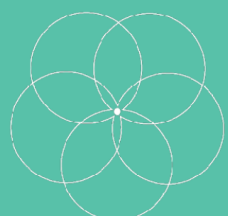
The Governance Committee will have at least one video or teleconference each year with additional meetings as required. Most membership applications are considered out of session via email.

## Reporting

The Governance Committee will report on key outcomes to the Board on a regular basis.

The Governance Committee will provide recommendations relating to continuous improvement and assist the Board to enhance its governance, compliance and member-related processes.

The Governance Committee will provide advice to the Board whether Mental Health Australia is meeting its compliance obligations.



## Attachment C

# NOMINATIONS COMMITTEE TERMS OF REFERENCE

<b>Effective from:</b>	13 March 2020
<b>Last endorsed:</b>	March 2022 (Board)
<b>Date for Review:</b>	Biennially, due March 2024
<b>Term:</b>	As determined by the Board

## Purpose

The purpose of the Nominations Committee is to identify suitable Board candidates, make recommendations, and finalise the selection and appointment process for a Board Appointed Director and potential new Chair of the Mental Health Australia Board.

The Nominations Committee's guiding principle is to choose the best candidate to fill the Board Appointed Director and Chair vacancies through a formal and transparent process, seeking a balance between the personal and professional qualifications of a candidate and other matters of balance for the Board.

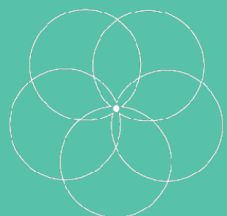
The Nominations Committee is a constituted ad hoc committee and will ensure the recommendation and appointment of a person as a Board Appointed Director and Chair is in accordance with the Mental Health Australia Constitution and Director Eligibility and Board Composition Policy.<sup>22</sup>

## Membership

The Nominations Committee will have as a minimum three Board Directors. If invited, the Chief Executive Officer will participate in an ex-officio capacity.

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<sup>22</sup> Clause 8.15, Mental Health Australia Constitution





## Quorum

A quorum for the purposes of a Nominations Committee meeting is half the number of members, rounded up to the nearest whole number.

If the quorum cannot be met, the Board may nominate another Board Director to attend.

## Meetings

Meetings will be largely by teleconference, although interviews of potential candidates may take place via webinar or in person. Significant business will take place via email.

## Reporting

The Nominations Committee will report on key outcomes and recommendations to the Board as needed.

## Secretariat Support

The Company Secretary will provide secretariat support to the Nominations Committee. This includes liaising with members, preparing meeting materials and managing the organisation of meetings.

