

# BOARD CHARTER

<b>Effective:</b>	First endorsed by Board 22 March 2017; endorsed by Board 31 May 2018
<b>Term:</b>	Ongoing as determined by the Board
<b>Last reviewed:</b>	22 March 2017; 31 May 2018
<b>For Review:</b>	Annually by Governance Committee; next due for Board consideration May 2020

## Purpose

This Board Charter sets out the roles, responsibilities, structure and processes of the Board of Mental Health Australia Ltd.

## 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.



## 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).
- 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.

## 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>

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

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

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



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.

## Chair and Deputy Chair

The Chair is elected by the Board at the first Board meeting following the vacation of office of Chair.<sup>6</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>7</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>8</sup>

## 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>9</sup>

## Meetings and decisions

The Board must meet at least three times in each financial year<sup>10</sup> although it may meet as often as appropriate to dispatch Company business.

Questions arising at Board meetings can be decided by majority vote<sup>11</sup> with the meeting chairperson having a deliberative and a casting vote if needed.<sup>12</sup> Questions arising at Board

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

<sup>7</sup> Clause 9.2, Mental Health Australia Constitution

<sup>8</sup> See Section 12: Committees of the Board, Mental Health Australia Constitution

<sup>9</sup> Clause 11.12, Mental Health Australia Constitution

<sup>10</sup> Clause 11.2, Mental Health Australia Constitution

<sup>11</sup> See clause 11.14, Mental Health Australia Constitution

<sup>12</sup> See clause 11.15, Mental Health Australia Constitution



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>13</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>14</sup>

### Declarations of interest

All Directors must declare any interest, perceived or actual, in any issue before the Board.<sup>15</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>16</sup> of Mental Health Australia all record interests in one or both of the *Conflict of Interest Register* or *Board Member Interest Register* (for mental health-related interests).

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

### Company Secretary

The Company Secretary is to be appointed by the Directors.<sup>17</sup> The Board will set out the terms for appointment and termination of the Mental Health Australia Company Secretary.<sup>18</sup>

The role of the Company Secretary is defined in the *Corporations Act 2001 (Cth)*.<sup>19</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>13</sup> See clause 11.16, Mental Health Australia Constitution

<sup>14</sup> See clauses 11.16-11.18, Mental Health Australia Constitution

<sup>15</sup> See clauses 11.20-11.22, Mental Health Australia Constitution

<sup>16</sup> Currently Chief Executive Officer and Company Secretary

<sup>17</sup> Section 204D, *Corporations Act* (2001)

<sup>18</sup> See section 15: Secretary, Mental Health Australia Constitution

<sup>19</sup> For example, see Section 188 and Part 2D.4, *Corporations Act* (2001)

