



**Water New Zealand**

**Corporate  
Governance Charter  
2015**

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The core purpose of Water New Zealand is to promote the sustainable management and development of the water environment.

Water New Zealand's governance policy incorporates:

- the constitution
- the Board Charter
- Board protocols (including guidance on meeting conduct)
- a statement of matters reserved by the Board along with Board delegations of authority
- letters of appointment for board members
- code of conduct.

## **Section 1: THE ROLE OF THE BOARD**

'Governance generally refers to the processes by which organisations are directed, controlled and held to account. It encompasses authority, accountability, stewardship, leadership, direction and control exercised in the organisation' (Australian National Audit Office, 1999).

'...The aim [of corporate governance] is to align as nearly as possible the interests of individuals, corporations and society.' (Sir Adrian Cadbury, UK, 2000).

The Board is ultimately responsible for all matters relating to the successful functioning of Water New Zealand. The Board's role is to govern the organisation rather than manage it.

The Board delegates day-to-day management to the Chief Executive. In general, the Board, on behalf of members, is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of Water New Zealand.

The Board has a responsibility to represent and promote the interests of the organisation's members to achieve long term benefit in line with the organisation's core purpose and its constitution. It has a role in:

- laying solid foundations for management and oversight;
  - adding value;
  - promoting ethical and responsible decision making;
  - safeguarding the integrity of financial reporting;
  - respecting the rights of members;
  - recognising and managing risk; and
  - remunerating and advising the CEO fairly and responsibly.
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## **BOARD STRUCTURE**

### **1.1 Size and Composition**

Under the Section 7.1 of the Constitution of the Association, the Board of Water New Zealand shall comprise of six elected members and may include up to two co-opted members.

The Board elects one of their number to be President in accordance with Rule 7.2 of the Constitution.

At least four (4) months and not more than sixteen (16) months prior to the expiry of the presidents' term of office the Board members elected pursuant to clause 7.1(a) of the Constitution shall elect one of their number as President-elect who shall assume office as President after the Annual General Meeting and preside over the Board meetings. At any time where the President is unavailable or unable to act, the Board members elected pursuant to clause 7.1(a) shall elect an acting President.

Rule 7.3 of the Constitution specifies that the President shall hold office for a two year term.

*Employees of the Association may not be Board members.*

The Chief Executive appointed by the Board shall serve as the executive officer and Secretary of the Association.

The Board should contain a blend of experience and expertise (including governance experience) relevant to its leadership role in the industry. The President has a role in ensuring appropriate skills and experience exist within the Board.

The Board shall use its best efforts to ensure that:

- Board members can act critically and independently of one another whilst also working as a team in the best interests of the organisation;
- each Board member is furnished with sufficient information to discharge their duties;
- Board members are independent of management and free from any business or other relationship which could materially interfere with their independent judgement.

### **1.2 Board Member Terms of Appointment**

Rule 8 of the Constitution specifies Board members terms of appointment.

### **1.3 Committees**

To assist in the process of governance, the Board may from time to time appoint a sub-committee to carry out a specific task, the scope of activity and the time frame for which shall be defined at the time of establishing the group.

The Board has established an Audit Committee, the terms of reference for which are contained in Appendix 1.

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## **PRINCIPLES OF GOVERNANCE**

To fulfil its role, the Board is committed to the rigorous application of the following principles of governance.

### **1.4 Leadership and Stewardship**

The Board will exercise proactive leadership, enterprise, integrity and judgement in directing the Association to achieve outcomes that meet members' expectations and guarantee continuing sustainability. The Board should act in the best interest of the Association in a manner that reflects transparency, accountability and responsibility.

### **1.5 Setting Strategy and Values**

The Board will determine the Association's purpose, values, and the key outcomes and results to be delivered, and ensure that policies, procedures and practices are in place to support the desired organisational culture and to protect the Association's assets and reputation. It should approve the basic strategies adopted to achieve desired results.

### **1.6 Achieving Effective Organisational Performance**

The Board will monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans. It will ensure there are performance indicators set for each of the streams of the business and monitor these regularly.

### **1.7 Risk Management**

The Board will regularly (at least annually) undertake, in conjunction with management, an exercise to identify key risk factors and characterise them according to their likelihood and possible consequences and record these in the Board's Risk Register. The Board will satisfy itself that events or issues (including the risk of lost opportunities) that pose the greatest threat to Water New Zealand in the achievement of desired outcomes and relationships with key stakeholders, are under a management regime that is consistent with the Board's risk profile.

### **1.8 Expressing Accountability to Members**

The Board will serve the legitimate interests of the principal beneficiaries of the Association and account to them fully.

### **1.9 Relating to Stakeholders**

The Board will identify the Association's internal and external stakeholders and agree policies, in consultation with management, to determine how the Association should relate to them. The Board should ensure that the Association communicates effectively with members and other stakeholders.

### **1.10 Assurance of Compliance**

The Board will ensure that the Association complies with all relevant laws, regulations and codes of best practice, and that it meets its contractual obligations.

### **1.11 Procuring Effective Succession**

The Board has a duty to ensure there is effective governance succession. As far as possible within the constraints of the electoral process, the Board will ensure that through a managed

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and effective selection planning process, it has the benefit of a mix of proficient Board members, each of whom is able to add value and to bring independent judgement to bear on the decision making process.

### **1.12 Balancing Power**

The Board will ensure that no one person or block of persons has unfettered power and that there is an appropriate balance of power and authority on the Board.

### **1.13 Internal Control**

The Board will regularly review process and procedures to ensure the effectiveness of its internal systems of control, so that its decision making capability and accuracy of its reporting and financial results are consistently maintained at a high level.

### **1.14 Continuous Improvement in Board Performance**

Using this Charter as the basis, the Board will set explicit governance performance expectations and assess its performance and effectiveness as a whole and that of its individual members on a regular basis (no less often than annually). The assessment process will be designed so that it can also be used to inform the Association's members about the overall strengths of the Board and possible gaps in its competency profile. The timing of a review process should, therefore, be conducted prior to nominations being called for election to the Board.

### **1.15 Organisational Development and the Development of Management Capability**

The Board will appoint the Chief Executive and ensure the motivation and protection of intellectual capital intrinsic to the Association; ensure that there is adequate training in the organisation for management and employees, and a succession plan for senior management.

### **1.16 Investing in Infrastructure**

The Board will ensure that the necessary infrastructure, including information technology and systems, used in the organisation are adequate to properly run the business.

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## **Section 2**

### **DEFINING GOVERNANCE ROLES**

#### **2.1 The Key Activities and Responsibilities of the Board**

Board members have been elected by the members to govern the Association within applicable legal constraints, and to supervise the management of the organisation rather than to manage the organisation in its own right. Subject to the Rules of the Association, without intending to limit the Board, the key activities and responsibilities of the Board are as follows.

- Clearly establish the Association's purpose.
  - Define and prioritise outcomes, goals and strategies to achieve them.
  - Monitor performance in achieving the organisation's goals and desired outcomes, taking action where required to address deficiencies or areas of non-performance.
  - Continuously review strategic direction and adapt as necessary to suit changing external environmental needs or economic / political change.
  - Determine the values of the Association.
  - Demonstrate the desired culture and values of the Association through the behaviour of the Board as a whole, and of each individual Board member.
  - Approve the allocation of resources for achieving defined outcomes.
  - Establish and regularly review the overall policy framework within which the business of the Association is conducted.
  - Oversee the relationship with key stakeholders including:
    - acting, through the President, as the interface and key point of accountability between Water New Zealand and its members;
    - familiarising itself with matters of concern and relevance to members;
    - ensuring the interests of all members are considered in the decision making process;
    - approving and overseeing the implementation of a stakeholder management strategy and a communication strategy for members and broader stakeholder categories.
  - Monitor compliance and risk management, including:
    - overseeing, reviewing and approving a set of internal controls to ensure that senior management are prudently and efficiently managing the Association's resources;
    - ensuring Water New Zealand acts in accordance with its Rules;
    - ensuring the Association keeps appropriate accounting records;
    - monitoring the effectiveness of the internal financial control systems by overseeing, management reviews, and letters of representation on compliance signed by the managers;
    - ensuring financial statements are true and fair and meet all statutory requirements;
    - deciding on and taking any steps necessary to protect the financial position and / or reputation of the Association;
    - external auditor reviews and other statutory examinations of the Association;
    - overseeing, reviewing and ensuring the effectiveness and integrity of the compliance and risk management systems in conjunction with the Chief Executive, and
    - ensuring prompt investigation of any material performance shortfalls or breaches in compliance or risk management standards.
  - Monitor management's performance with respect to these matters.
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- Appoint the Chief Executive, including setting the terms of the CEO's Employment Contract, managing the CEO's performance and where necessary terminating the CEO's employment.
- Participate in the selection of other key staff on the invitation of the Chief Executive who retains the decision making and performance management responsibility.
- Ensure that the organisation maintains high ethical standards.

The Board has delegated day-to-day management to the Chief Executive. As such, it is the purpose of the Chief Executive to manage the Association in accordance with the direction and delegations of the Board, and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In its relationship with the Chief Executive, however, the Board will:

- delegate sufficient authority to the Chief Executive to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- review the performance of the Chief Executive on at least an annual basis and against pre-determined criteria;
- provide advice to, and act as a sounding board for, the Chief Executive;
- review the executive management structure;
- ensure the strength of the executive management team by ensuring that a robust system exists for:
  - recruitment of a competent executive management team;
  - providing appropriate terms and conditions of employment of the executive management team to attract and retain competent staff;
  - effective performance evaluations of the executive management team, and
  - developing succession plans for the Chief Executive and other executive management team members.

## 2.2 Code of Conduct – Individual Board Members

Each Board member is expected to understand the specific legal requirements of their role as a Director.

Members of the Board of the Water New Zealand have a range of **Fiduciary Duties**. The fiduciary duties of a Board member are to:

- act with due care and diligence
- act honestly and avoid conflicts of interest
- act in what the Board member believes to be the best interests of the organisation **as a whole**.

In accordance with these requirements, it is expected that Board members:

- will discharge their duties in good faith and honesty in what they believe to be the best interests of the Association;
  - will act with required care, diligence and skill, demonstrating reasonableness in their decisions;
  - will avoid conflicts of interest;
  - will act in accordance with the Constitution and the law relating to incorporated societies;
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- will not take improper advantage of their position as a Board member. This includes not making improper use of information gained through their position as Board members;
- will not allow personal interests, or the interest of any associated person, to conflict with the interests of the Association;
- will make reasonable inquiries to ensure that the Association is operating efficiently, effectively and legally towards achieving its goals;
- will undertake diligent analysis of all proposals placed before the Board;
- will understand and meet their specified responsibilities under occupational health and safety legislation including requirements to ensure that employees of the Association operate in a safe working environment;
- will not agree to the Association incurring an obligation unless the Board member believes at the time, on reasonable grounds, that the Association will be able to perform the obligations when it is required to do so.

Other matters concerning the conduct of Individual Board Members.

- The Board decides what matters are delegated to specific Board members, Board committees or management, and what controls are in place to oversee the operation of delegated powers.
- Board members have no individual authority to participate in the day to day management of the organisation, including making any representations or agreements with any other party including employees, unless such authority is expressly delegated by the Board.
- Board members are expected to give generously of their specific expertise.
- Board members are expected to keep Board discussions and deliberations confidential unless specifically authorised by the Board.
- Board members have a duty to question, request information, raise any issue, fully canvas any aspects of any issue confronting the organisation and to cast their vote on any resolution according to their own decision. However, outside the boardroom, Board members will support Board decisions in discussions with all external parties including staff.
- Confidential information, received by a Board member in the course of the exercise of his or her duties, remains the property of the Association. It is improper to disclose this information or to allow it to be disclosed, unless that disclosure has been authorised by the Board, or is required by law.
- A Board member shall not engage in any conduct likely to bring discredit upon the Association.
- A Board member must not agree to, cause, or allow the business to be carried on in such a way that it trades while financially insolvent, where there is substantial risk of serious loss of reputation, or where there is another form of threat to its viability.
- A Board member has an obligation at all times to comply with the spirit as well as the letter of the law and with the principles of this charter.

### **2.3 Conflict of Interest**

Specifically, concerning actual or potential conflicts of interest.

- 2.3.1 Board members must disclose to the Board any actual, potential or perceived conflicts of interest which may exist, or might reasonably be thought to exist, between the interests of the Association and the interests of the Board member and persons or organisations associated with the Board member.
  - 2.3.2 Such disclosures must be registered in the appropriate register (this would normally be minutes of Board meetings).
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2.3.4 Where a conflict of interest is identified and/or registered, the Board member concerned shall not participate in related discussions or vote on that issue. Only with the unanimous agreement of all other Board members present may the member concerned participate in any Board discussion on that topic.

2.3.5 In the case of any ambiguities to this policy, the matter will be delegated to the Chair for settlement.

**Examples of conflicts of interest are:**

- when a Board member or a Board member's immediate family or business interests stands to gain financially from any business dealings, programmes or services of the Association;
- when a Board member offers a professional service to the Association;
- when a Board member stands to gain personally or professionally from any insider knowledge, if that knowledge is used to advantage.

## **2.4 Role of the President as Chairman**

The primary role of the President as Chairman is to facilitate effective governance of the Association. In the absence of the President, the Board shall elect one of their number to act as Chairman.

The President as Chairman is expected to fulfil the following responsibilities.

- Ensure that the Board provides leadership and vision to Water New Zealand.
- Ensure that the Board participates actively in setting the aims, strategies and policies of the Association.
- Confirming the Board agenda.
- Ensure that the Board has adequate information to undertake effective decision making and that the Board's activities and performance accords with this governance charter.
- Direct the Board discussion to effectively use the time available to address important issues.
- Ensure that Board members are enabled and encouraged to play their full part.
- Ensure that Board members have adequate opportunities to express their views.
- Ensure that the Board's deliberations and decisions are properly recorded.
- Ensure that the Board monitors the condition of the assets of the Association including the capacity and capabilities of the organisation in achieving its objectives.
- Ensure that administrative tasks such as the circulation of Board papers are carried out efficiently and effectively.
- Maintain a healthy mentor relationship with the Chief Executive.
- Guide the effectiveness of the Board and ongoing development of the Board as a whole and individual Board members including Board performance review processes.
- Lead the development of a work plan for the Board on an appropriate cyclical basis.
- See that the Board acts in accordance with this Corporate Governance Charter.

The President will also:

- chair Board meetings with all the normal powers and expectations of that role;
  - establish the agenda for Board meetings in conjunction with the Chief Executive and consistent with the Board's annual agenda or work plan;
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- represent the Association to members and outside parties in accordance with the Constitution Section 13: Expressions of Association Opinion.

The President also has an important responsibility to establish a healthy working relationship between the Board and the Chief Executive. To facilitate this relationship, the President as Chairman is expected to:

- be available as the principal point of contact between the Board and the Chief Executive. Because the Chief Executive is accountable to the Board as a whole, this responsibility does not extend to acting as the supervisor or the principal assessor of his/her performance;
  - act as a sounding board for the Chief Executive;
  - ensure that the Board fulfils its Good Employer responsibilities, including regular performance evaluations conducted according to a mutually agreed process.
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## Section 3

### GUIDELINES FOR BOARD PROCESSES

#### 3.1 Board Meetings

Board meetings will be conducted according to the following guidelines.

- Board members will meet formally approximately every two months, or as required. However, a Board meeting can be convened at any time as provided for as prescribed under Section 10 of the Constitution, entitled “Duties of Officers/Employees”.
- A meeting is defined as a group of people meeting in person or by approved methods of telephonic or video graphic communication.
- Committees meet as frequently as is necessary to fulfil their designated duties, however usually not less than twice per year.
- The agenda and papers for the meeting will be circulated to all Board members at least five working days prior to the meeting.
- The agenda will be constructed having regard to an Annual Agenda or Work Plan which schedules in advance time to address routine business as usual and strategic issues as well as allowing time for important non-discretionary matters.
- In order for a decision of the Board to be valid, a quorum of Board members must be present. The Constitution states that a quorum shall consist of four Board members.

The President as Chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meetings. The following guidelines shall apply.

- The President shall ensure that all members are heard.
- The President shall maintain sufficient control to ensure that the authority of the Chair is recognised so that a degree of formality can be reintroduced when required.
- The President will take care that decisions are properly understood and well recorded.
- The President will ensure that debates are completed with a formal resolution recording the decision(s) reached, as and where appropriate.

A Board member shall in good faith conduct herself or himself to:

- act in a business-like manner;
- act in accordance with the Rules;
- address issues in a confident and firm, yet collegial manner;
- use judgement, common sense and tact when discussing issues;
- minimise distractions and irrelevant remarks;
- ensure that others are given a reasonable opportunity to put forward their views (ie, refraining from interruption or interjection when another Board member or person is speaking); and
- support any request or indication from the President as Chairman that aims to ensure the orderly and good-spirited conduct of the meeting.

The Board reserves the right to meet from time to time without the presence of the Chief Executive or other staff. However, when it does so, topics related to operational matters **MUST be held over** to the formal Board meeting so that the Chief Executive may provide relevant facts or data to support these discussions.

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During a Board meeting, attendees will comprise a quorum of Board members, the Chief Executive, and where appropriate and agreed between the Chair and CEO, invited members of the Management Team. Additionally, the President or a majority of Board members may request the attendance of any other person that they believe may be able to assist the Board in any matter under consideration.

### **3.2 Emergency Decision Making – Written Resolutions**

Any urgent decision that cannot wait until the next Board meeting may be dealt with by a written resolution sent in hardcopy or, in need, by email or facsimile.

### **3.3 Board Minutes**

- Minutes will contain a brief review of the discussion plus the official resolution adopted by the Board.
- All decisions will be recorded by way of a formal resolution.
- Board members who dissent or abstain may ask to have their dissent or abstention recorded in the minutes.
- Material conflicts of interest shall be recorded in the minutes and if necessary in a register of members' interests.
- A draft of the minutes will be circulated to the President for comment and approval in principle within five working days of each Board meeting.

### **3.4 Maintenance and Availability of Board Papers and Minutes**

The Chief Executive will ensure that a complete set of signed and approved Minutes and related Board papers are kept at Water New Zealand's Corporate Office

Board minutes are generally available to members except that a record of outcomes of discussions held "in committee" are taken and kept in confidence. Unless specifically protected (eg, for reasons of commercial confidentiality or personal privacy), Board reports and other papers are also available for members to peruse.

### **3.5 Board Member Induction**

Upon election each new Board member will receive a letter of appointment containing the details stated in Appendix 2.

The documents to be included in the induction package for new Board members are set out in Appendix 3.

This process will normally be led by the President who may also delegate aspects of the process to other experienced Board members.

### **3.6 Board Members Allowances and Other Expenses**

Board Members' monetary remuneration will be determined from time to time by the approval of an AGM of members.

The Association will reimburse reasonable and properly incurred travel, accommodation and other costs incurred by Board members with the approval of the President.

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### ***Travel and Accommodation***

Travel arrangements made by the Association's office on behalf of Board members will, as far as possible, be arranged so that return travel to the original location can be completed on the same day.

Any additional cost incurred as a result of Board members requesting travel changes after agreed bookings have been made will, unless approved by the President, be at the Board members own expense.

Accommodation may be arranged by the Association's office insofar as it is required for a Board member conducting business for the Association.

### ***Absences***

In the case of unapproved absences, a Board Member's allowances may, after a thorough investigation of the reason for the absence, be suspended at the discretion of the President.

### ***Directors Insurance***

The Association will ensure that there is current Directors and Officers Liability insurance cover for all Board members and the Chief Executive.

## **3.7 Emergency Contact Procedures**

There may be the occasional need to contact Board members urgently. Board members should ensure that their contact details, either for themselves or for a person who knows their location, are made available to the Chief Executive so that they can be contacted within 24 hours.

## **Section 4 KEY BOARD FUNCTIONS**

### **4.1 Delegation of Authority**

#### **4.1.1 Payment Authority**

- The President, Chief Executive, Manager Corporate Services and Manager Sector Engagement, are authorised to sign cheques or confirm other means of payment (for example, electronic transfers) on behalf of Water New Zealand.
- All cheques and payment by other means require the signature or confirmation of two authorised persons.

#### **4.1.2 Credit Cards and other forms of Credit or Commitment of Association Funds**

For reasons of sound business practice, Water New Zealand manages its financial transaction for goods and services through a combination of trade accounts, charge cards and Water New Zealand credit cards.

4.1.2.1 The Chief Executive may be authorised by the Board to use a credit card on terms approved by the Board from time to time.

4.1.2.2 The President or a delegated Board member shall review and approve all Credit Card and cash expenses incurred by the Chief Executive.

4.1.2.3 The Chief Executive may authorise the use of credit cards by other staff.

#### **4.1.4 Public Representation**

Official representation of the Association publicly (including news media comments) will normally be by the President and/or the Chief Executive. They are expected to represent the Association according to Board approved policies and positions.

The Chief Executive will normally be the person that represents the Association in contractual negotiations and in any matter to do with the operations of the Association.

#### **4.1.5 Execution of Documents**

Documents signed under the common seal require any two Board members signature or one Board member and the Chief Executive. It is expected that those signing will have been involved in the decision making.

#### **4.1.6 Overseas Travel**

The impact of overseas travel expenses for the President or other Board members can be significant, and it is important for any overseas travel that is funded by Water New Zealand to provide a tangible benefit for the Association and its members. The Board must approve overseas travel for the President or other Board members.

The Board must also approve overseas travel for the Chief Executive or any other staff member. This will normally be through the approval of a specific overseas travel budget item in the annual business plan. Any expenditure outside this requires specific Board approval. Once scheduled, all overseas travel by staff must be notified to the Board at its next meeting.

Proposals will be evaluated in terms of:

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- increasing awareness by international organisations and businesses of the activities/events of the Water New Zealand. Includes invitations to address an audience as a guest speaker;
- increasing awareness by international organisations and businesses of the services and skills that are available from Water New Zealand members;
- securing access to information about research programmes, research outcomes, training programmes, technological developments, standards, policy and codes of practice that can be disseminated to Water New Zealand members;
- securing access, or assisting to secure access, for New Zealand individuals or corporate members to international markets;
- securing access, or assisting to secure access, for New Zealand individuals to present the outcomes of their research, new methodology or technological development to international events;
- promotion of the professional development of Water New Zealand staff members;
- development of business opportunities and best business practices;
- whether the participation of an elected member of the Association will provide any additional benefit to that which would be achieved by the Chief Executive or other staff members undertaking the same or a similar overseas travel programme;
- the possible impact of staff absences;
- the risk to the Association of key staff travelling together.

#### **4.3 Chief Executive Evaluation**

The Board will also conduct a formal evaluation of the performance of the Chief Executive at least once a year. The review will normally be conducted by a committee of the Board in consultation with the other members of the Board and will be completed within three months of the end of the financial year. The basis for the performance evaluation will be a Performance Agreement between the Board and the Chief Executive which is agreed prior to the start of each financial year.

The Chief Executive's remuneration will be reviewed within four months of the end of each financial year. The Board may seek independent advice on that remuneration to ensure that remuneration of the Chief Executive's position is referenced to the market rate for similar positions. The position will be 'job sized' on the basis of independent advice at least once every three years.

#### **4.4 Chief Executive's Delegated Authorities**

A copy of the current Chief Executive's delegated authorities is attached at Appendix 4 to this Charter.

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## **Section 5 CONTINUING IMPROVEMENT**

### **5.1 Board Evaluation**

- Each year the Board will conduct an evaluation of its performance.
- The evaluation will take place in July of each year.
- The findings of the review will be tabled at the next Board Meeting.

(Note: there is normally a Board meeting in August so this should give enough time for an evaluation to be presented.)

The Board shall implement such improvements as are identified within the Board reviews.

### **5.2 Board Member Development**

In order to continually improve Board performance, all Board members are expected to undergo continual professional development related to their governance responsibilities.

Where specific skill gaps are identified, the Association will provide training and resources to address those gaps.

The President shall ensure that appropriate Board member development is planned and completed.

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## **APPENDIX 1**

### **Committee Terms of Reference**

#### **Audit Committee**

##### **Objective**

To assist the Board with discharging its responsibilities with respect to financial reporting.

##### **Secretarial and Meetings**

1. The Committee may co-opt members who are not members of the Board or the Association provided that Board members shall always form a majority of the Committee. The President of the Association shall be a member of the Committee, ex-officio but not the chairperson. All Board Members shall be entitled to attend all meetings of the Audit Committee.
2. The Committee shall be chaired by a suitably qualified individual selected by the Board.
3. The Committee may request the attendance of such members of management, and other persons as it deems necessary, to provide appropriate information and explanations. The Committee shall be entitled to meet without management or other staff present.
4. The Association executive, in conjunction with the Chairman of the Committee, shall draw up an agenda to be circulated at least one week prior to each meeting. The agenda shall be distributed to the members of the committee, other Board members, the external auditors, and other invitees.
5. The Financial Manager and the external auditors shall be given adequate notice of all meetings and shall have the right to attend and speak.
6. Meetings shall be held at least three times a year. Meetings are to be held at the planning stage of the audit, before the issue of the final end of year announcement, and prior to the Board meeting approving the Annual Report and Financial Statements.
7. The Chairman shall also call a meeting of the Audit Committee if so requested by any Audit Committee member, the Financial Manager or the external auditors.

##### **Responsibilities**

The duties of the Audit Committee shall be:

- to liaise with Finance Manager and external auditors;
  - to review the Annual Audit Plan with the auditors;
  - continuity of business;
  - risk management;
  - benchmarking / best practice;
  - quality assurance / peer reviews;
  - internal control policies and procedures;
  - any other issue as may arise.
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## **APPENDIX 2**

### **Letter of Appointment**

Each Board member will receive a formal letter on election that details:

- term of appointment;
  - any special duties or arrangements attaching to the position;
  - indemnity and insurance arrangements;
  - details on fellow Board members, Chief Executive and key staff;
  - induction arrangements;
  - a copy of the Association's Constitution; and
  - a copy of this Corporate Governance Charter.
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### **APPENDIX 3**

#### **Induction Package**

To help familiarise new Board members with the Association and a Board member's roles and responsibilities, each new Board member will be given a set of induction documents that will include the following information:

- details of the roles and responsibilities of a Board member as well as conduct and contribution expectations as expressed in this Charter;
  - details of all relevant legal requirements;
  - a copy of the Constitution of Water New Zealand;
  - a copy of this Corporate Governance Charter;
  - a copy of the Board's Annual Agenda;
  - details of past, recent and likely future developments relating to the Board;
  - background information on and contact information for, key people in the Association, including an outline of their roles and capabilities;
  - copies of the last three annual reports;
  - copies of the last three sets of Board meeting papers;
  - copies of all major governance policies not already contained in this Charter;
  - an overview of Water New Zealand including
    - the organisational structure of Water New Zealand and related organisations (NZWETA, NZWERF)
    - core competencies of the organisation
    - an industry background briefing
    - details of past financial and operational performance
    - current financial structure and any other important operating information;
  - a copy of the current strategic plan and annual budget; and
  - any other relevant documents.
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## **APPENDIX 4**

### **Chief Executive's Delegated Authorities**

#### **General**

1. The Chief Executive is responsible to the Board for ensuring that the Association meets all compliance requirements with respect to its staff obligations and its operational activities. The Chief Executive is responsible for providing advice to the Board on its compliance obligations in respect of all governance accountabilities.
2. The Chief Executive is responsible to the Board for the preparation of an annual budget and business plan and for implementing that plan as approved in accordance with the budget as approved. All significant trends and variances arising from the approved plan and budget shall be promptly advised to the Board by the Chief Executive together with recommendations.

#### **Credit Cards**

1. The Chief Executive is authorised to use a credit card for the payment of approved travel or other expenses or for such other payments as may be approved by the Board from time to time. The President shall authorise payment of the Chief Executive's monthly credit card invoice, together with any other claim for reimbursement by the Chief Executive as appropriate.
2. The Chief Executive may authorise use of a credit card by other senior staff where this is advantageous to the office. The Chief Executive will authorise payment of monthly credit card invoice(s) as appropriate.

#### **Approval of Invoices Passed for Payment and Refunds**

1. All invoices or claims for refunds processed for payment shall normally be authorised for payment by the Chief Executive in consultation with the staff member familiar with the expenditure.
2. In the Chief Executive's absence, on the recommendation of the Manager Corporate Services, the Acting Chief Executive may authorise payment.

#### **Cheque Signing Authority**

1. The President, Chief Executive, Manager Corporate Services and Manager Sector Engagement are authorised to sign cheques for the Association. Two signatures are required.
2. Ordinarily the Chief Executive and the Manager Corporate Services will be the signing authorities for Water New Zealand, and its sub groups.
3. No cheques may be pre-signed.

#### **Expenditure Authorities**

1. The Chief Executive has authority to expend:
    - (a) for items incorporated in the approved annual budget, up to \$30,000;
    - (b) for revenue earning projects incorporated in the approved annual business plan up to \$50,000;
    - (c) for items not incorporated in the approved annual budget up to \$10,000;
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- (d) for revenue earning projects not incorporated in the approved annual business plan and which are not extensions of existing projects so approved, whether for reasons of time or a simple variation of contract, up to \$10,000;
  - (e) for CAPEX items included in the approved annual CAPEX budget, \$20,000; and
  - (f) for CAPEX items not included in the approved annual CAPEX budget, \$10,000.
2. All other expenditure proposals, including those extending for longer than three years, shall be considered by the Board and approval shall be by vote recorded in the minutes of the meeting.
3. All expenditure proposals concerning contracts that are to extend for longer than one financial year shall be valued on the basis of their annual cost times the number of years or part thereof and shall be addressed by the Chief Executive as set out in paragraphs 1 and 2 above.

### **Staff**

1. The Chief Executive shall obtain Board approval, as recorded in the minutes, for any new proposed staff position or for any alterations to any existing staff position that necessitates or creates the potential for a change in the total direct cost of employment to the employer.
2. Selection of the individual(s) to fill such position(s) and the negotiation of the total remuneration within approved parameters shall be at the determination of the Chief Executive.

### **Setting of Membership Fees, Charges and Subscriptions**

1. Membership subscription levels are the responsibility of the Board.
2. The Chief Executive may approve fees and charges applicable to the membership, for example, conference fees, ordinarily on the basis of recovering all costs plus a margin having regard to current market pricing. Ordinarily members shall receive a discount on such fees.

### **Overseas Travel**

1. Any anticipated overseas travel by the Chief Executive (or any other staff member) must be incorporated in the approved annual business plan and budget.
2. Any such expenditure not in the annual plan and budget must have Board approval, as recorded in the minutes.
3. All staff overseas travel, once scheduled, must be notified to the Board at its next meeting.

### **Media Statements**

1. The Chief Executive may issue statements or comment in the media in the name of the Association at his discretion and will be accountable to the Board for this.
  2. All media statements issued and any significant commentary shall be promptly copied or advised to the Board for information.
  3. This delegation may not be delegated by the Chief Executive.
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