



South East Water Corporation

Board Charter

1. Purpose of Charter

This Charter sets out the authority, accountabilities, roles and responsibilities, membership and operation of the South East Water Corporation (the Corporation) Board.

2. Functions of the Corporation

The functions of the Corporation are to:

- (a) deliver healthy water for life, with a focus on customers and the community;
- (b) investigate, promote and conduct research into any matter relating to its functions, its powers and its duties; and
- (c) educate the community about its functions.

In performing its functions, exercising its powers and carrying out its duties the Corporation must provide workplaces that are healthy and safe and have regard to the following sustainability principles included in the Water Act 1989 (Water Act), namely:

- i. the need to ensure that water resources are conserved and properly managed for sustainable use and for the benefit of present and future generations;
- ii. the need to encourage and facilitate community involvement in the making and implementation of arrangements relating to the use, conservation and management of water resources;
- iii. to recognise that water has cultural importance for Traditional Owners and Aboriginal people, and to provide opportunities for greater Aboriginal participation in water planning and management;
- iv. the need to integrate both long term and short term: economic, environmental and equitable considerations; Aboriginal cultural considerations; and social and recreational considerations;
- v. the need for the conservation of biological diversity and ecological integrity to be a fundamental consideration; and
- vi. if there are threats of serious or irreversible environmental damage, lack of full scientific certainty as to measures to address the threat should not be used as a reason for postponing such measures.

3. Authority and role of the Board

The Board is the governing body of the Corporation and its role is to direct, provide leadership and guide the Corporation to:

- (a) achieve its purpose in a manner that ensures the Corporation fulfils its functions effectively and complies with its governance framework, the requirements of the Water Act, the Water Industry Act 1994, the Public

Administration Act 2004 and any Ministerial Direction and Statement of Obligations including;

- i. the strategic planning of the Corporation and overseeing the achievement of the strategic plan;
 - ii. the management of the affairs of the Corporation; and
 - iii. the performance of its functions, exercise of its powers and carrying out its duties as efficiently as possible consistent with commercial practice;
- (b) in performing its role, the Board should act at all times;
- i. in a manner consistent with the Corporation's functions and objectives and with any business or strategic plan or other document relevant to the work program of the Corporation, as well as its stated purpose, values and sustainability principles;
 - ii. in accordance with statutory or other requirements that govern public sector bodies and public entities in Victoria;
 - iii. having regard to the Corporation's relationships with stakeholders and the communities and environments in which it operates; and
 - iv. conducting its operations in accordance with the public sector values of responsiveness, integrity, impartiality, accountability, respect, leadership and human rights.

4. Board responsibilities

The primary role of the Board is to provide overall governance and strategic guidance for the Corporation and effective oversight of management, performance and operations of the Corporation. To achieve this role, the Board may exercise the powers of the Corporation, and the Corporation has reserved for the Board the specific powers set out in the Delegations of Authority. In the Delegations of Authority, the Corporation delegates to the Managing Director authority to make all decisions relating to the day to day operation of the Corporation, subject to the powers reserved in the Delegations of Authority.

In addition to the matters reserved to the Board, the Board is also responsible for:

- (a) oversight of the strategic planning of the Corporation, including;
 - i. providing strategic direction and assisting management to develop and monitor strategic and performance objectives, and
 - ii. regularly reviewing the progress and performance of the Corporation in meeting its strategic objectives, and ensuring that appropriate resources are available to achieve performance measures.
- (b) oversight of the management of the affairs of the Corporation, including regularly reviewing the operational performance (including the financial position and health, safety, environmental and sustainability performance)

- of the Corporation against performance measures and taking corrective action as required;
- (c) oversight of management's actions to ensure that other appropriate governance arrangements are in place;
 - (d) oversight of the risk culture and process to ensure major financial and non-financial risks (including those associated with climate change) are identified, assessed and appropriately managed through risk management systems, and an appropriate risk management and compliance framework including the Corporations Risk Appetite Statement;
 - (e) reviewing with the guidance of the Finance Assurance and Risk Management Committee, management processes aimed at ensuring the integrity of financial and non-financial reporting, and receiving the management declarations in relation to annual attestations;
 - (f) oversight of the Corporation's compliance with all its legislative and regulatory obligations and receiving annual attestation from management;
 - (g) approval of required financial reports and other information to the Minister, Treasurer and Premier as required by law or requested;
 - (h) reviewing and evaluating, with the guidance of the Safety, Wellbeing, People & Remuneration Committee, the effectiveness of policies and processes established by management relating to workplace health, wellbeing and safety, and compliance with laws;
 - (i) development and approval of the succession plan for the Managing Director and review and approve succession and development plans for the senior executive with the guidance of the Safety, Wellbeing, People & Remuneration Committee;
 - (j) approval of all decisions associated with the Managing Director and executive team employment including performance assessment (excluding GM Iota), performance goals (excluding GM Iota), incentive payments (if applicable) and remuneration;
 - (k) overseeing, guiding and supporting the values, culture, customer outcomes, reputation and standards of conduct of the Corporation;
 - (l) overseeing key stakeholder relationships, and engagement planning;
 - (m) supporting the United Nations Declaration on the Rights of Indigenous Peoples and acknowledging the resilience of Aboriginal people through respect for their culture, protocols, practices and traditions;
 - (n) ensuring the Corporation has an adequate compliance and control system in place;
 - (o) ensuring the Corporation's financial and other reporting mechanisms are designed to result in adequate, accurate and timely information being provided to the Board;

- (p) approval of the Corporation's budgets and business plans; and monitoring major capital expenditures, acquisitions and divestitures, and capital management generally;
- (q) ensuring that adequate controls are in place to prevent fraudulent behaviour; and
- (r) recognising the cultural value of water for Traditional Owners and Aboriginal people by supporting participation in water planning and management frameworks.

5. Relationship with Management

Directors have a right to sufficient information to enable them to properly discharge their duties. Management will supply the Board with information in a form, timeframe, and quality that will enable the Board to discharge its duties effectively. Directors should request additional information at any time to enable them to fulfil their responsibility as Directors.

The Board has unrestricted access to management, usually via the Managing Director or Corporate Secretary.

The Chair is the principal source of non-executive advice to the Managing Director between meetings. The Managing Director should inform the Chair of any important and urgent matters that arise between Board meetings.

The Corporate Secretary is accountable to the Board through the Chair on all governance matters and monitors compliance with Board policies and procedures. The Corporate Secretary is available to all directors on matters to do with the proper functioning of the Board. Appointment and removal of the Corporate Secretary is subject to Board approval.

6. Role of the Chair

The Chair is responsible for:

- (a) providing effective leadership of the Board;
- (b) ensuring the briefing of all directors on matters relevant to their role and responsibilities and issues arising at Board meetings;
- (c) maintaining open communication between management and the Board;
- (d) ensuring that the Corporation can interact effectively with the Minister;
- (e) ensuring all directors are given opportunities and encouraged to undertake professional development relevant to their roles;
- (f) encouraging independence and diversity of thought in the boardroom; and
- (g) ensuring that all policies adopted by, or relevant to, the Corporation or the Board are provided to, or made readily accessible to, all directors.

At Board meetings the Chair's role includes ensuring:

- (a) appropriate matters are brought before the Board;

- (b) directors are exposed to a range of individuals across the Corporation;
- (c) the full experience of all directors is utilized on key issues; and
- (d) a climate of openness and common sense of purpose.

The Chair may exercise specific and express powers as are delegated to the Chair by the Corporation.

7. Role of the Managing Director

The Managing Director is accountable to the Board for the authorities delegated to the Managing Director under the Delegations of Authority (made pursuant to section 122B of the Water Act). The Managing Director is accountable for the performance of the Corporation and will provide regular updates to the Board on the progress towards the achievement of the Corporations strategic objectives and operations in accordance with the Corporate Plan, risk management framework, and policies approved by the Board.

8. General

8.1. Composition

The Board will consist of not less than two and not more than ten directors including the Managing Director. The Board will comprise a majority of independent directors.

Directors of the Corporation are appointed by the Minister in consultation with the Treasurer. The Chair is also appointed by the Minister in consultation with the Treasurer. The Deputy Chair is appointed by the Board.

The Corporation will seek to ensure that the Board has an appropriate blend of skills and experience to deal with the current and emerging issues of the Corporation.

8.2. Meetings and proceedings

The Board must ensure that procedures are in place for the conduct of effective Board meetings, as well as for assessing the performance of individual directors, resolving disputes between directors and assessing its own performance.

The Board will hold at least one ordinary meeting every three months. The Board meets as frequently as required with an annual meeting schedule determined in advance by the Board and holds special meetings as required.

The quorum for a meeting of the Board of directors is a majority of the members.

The Chair will ordinarily preside over a Board meeting. In their absence, the deputy Chair will preside over the meeting. In the absence of both, a director elected by those directors present at the meeting will preside over the meeting.

8.3. Agenda, Papers and Minutes

The agenda for each meeting is prepared by the Chair, Managing Director and Corporate Secretary. The agenda and papers are to be distributed to directors five clear business days in advance of each scheduled meeting (and usually two days in advance of a special meeting). Draft minutes of each meeting will be prepared promptly for review by the Chair.

8.4. Register of interests

The Board must ensure that processes are in place to deal with conflicts of interests of Directors that apply to both financial and non-financial interests. The Corporate Secretary must keep a register of members of the board and nominated officers interests and potential conflicts of interest. Any director may request and be granted access to the register of interests.

Directors have a responsibility to keep this register up-to-date by advising the Corporate Secretary of any changes when they occur, as well as complying with their obligations in the Water Act in relation to primary and ordinary returns.

8.5. Circular resolutions

The Board is able to make decisions outside of a meeting through the use of circular resolutions. The circular resolution must be sent to all directors. For a circular resolution to be passed it must be signed by a majority of directors that would have been eligible to receive a notice of meeting if it were held. The circular resolution becomes effective at the time the last eligible director signs the circular resolution. A copy of any passed circular resolution will be provided to all directors as soon as practicable. The circular resolution may be signed in counterpart.

8.6. Board performance review

The Board will evaluate its performance on an annual basis and report its performance to the Minister and Treasurer. Any dispute with respect to the interpretation of this Charter (including any dispute between South East Water and Iota) will be referred to the Corporation's General Manager, Strategy and Governance for discussion and action as required. South East Water's General Manager, Strategy and Governance will determine the final and conclusive position on the matter.

9. Board committees

9.1. Committee structure and operations

The Board has established the following committees, each with their own charter, setting out matters relevant to their composition, authority, responsibilities and operation:

- (a) the Finance Assurance and Risk Management Committee;
- (b) the Customer Service Solutions Committee; and

(c) the Safety, Wellbeing, People and Remuneration Committee.

The Board may from time to time, establish committees or sub-committees as it considers necessary or appropriate to assist it in carrying out its responsibilities.

All directors may attend any meeting of any Board Committee.

Committees of the Board are also permitted to make decisions within the authority of their Board approved scope and through the use of circular resolutions. Each circular resolution of a committee requires a majority of eligible members of that committee to sign the circular resolution for that resolution to be passed.

Composition, purpose and scope of Board committees should be reviewed on an annual basis and members are to be rotated as required.

10. Conduct of directors

10.1. Code of conduct and legal obligations

Directors must at all times act in accordance with legal and statutory requirements and properly discharge all their duties as directors.

The directors of the Corporation consider there are fundamental ethical values that underpin their role as directors of the Corporation and as members of its Board and its Committees. The Corporation's board is also required to comply with the Code of Conduct for the Directors of Victorian Public Entities. These duties are outlined in the Directors Handbook.

10.2. Conflict of Interest and Pecuniary Interest

A director who has a pecuniary interest in any matter in which the Corporation is concerned must comply with the requirements regarding pecuniary interests in the Water Act, and disclose that pecuniary interest, and any other conflict of interest, to the other directors and abide by guidelines for declaring and dealing with potential conflicts of interest.

10.3. Gifts, benefits and hospitality

A gift, benefit and hospitality policy is in place for directors and employees.

10.4. Director induction and development

Each director is expected to participate in an induction programme on appointment, and will be given opportunity and encouraged to undertake appropriate professional development to maintain skills and knowledge needed to perform their roles on the Board.

10.5. Director access to independent advice

The Corporation will meet the reasonable expenses of the Board as a whole, or a director individually, obtaining independent professional advice in relation to the carrying out of their functions and exercising their powers under the Water Act.

Individual directors who wish to obtain independent advice must seek prior approval of the Chair.

11. Review

This Board charter is to be reviewed by the Board annually or as required.

12. Approval

Approved by: South East Water Board

Approved on: 25 October 2021

Sponsor: General Manager, Strategy and Governance

Implementer: Corporate Secretary

Review date: October 2022