



National Housing Finance  
and Investment Corporation

National Housing Finance and  
Investment Corporation

# **BOARD CHARTER**

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# 1. INTRODUCTION

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## 1.1 BACKGROUND

- 1.1.1 The National Housing Finance and Investment Corporation (**NHFIC**) is a body corporate established under section 7 of the *National Housing Finance and Investment Corporation Act 2018* (**NHFIC Act**).
- 1.1.2 The *Public Governance, Performance and Accountability Act 2013* (**PGPA Act**) applies to NHFIC.
- 1.1.3 NHFIC has been established to improve housing outcomes for Australians. Pursuant to section 8 of the NHFIC Act, this is to be achieved by:
- a) making loans, investments and grants to improve, directly or indirectly, housing outcomes; and
  - b) determining terms and conditions for such loans, investments and grants; and
  - c) providing, to registered community housing providers, business advisory services and other assistance in capacity building; and
  - d) undertaking any other functions conferred on the NHFIC by the NHFIC Act or any other Commonwealth law and
  - e) that are incidental or conducive to the above functions.
- 1.1.4 Section 8 of the NHFIC Act also provides capacity for the NHFIC to grant financial assistance to States and Territories for the purposes mentioned in paragraph 1.1.3 and determine the terms and conditions for the grants of such financial assistance.
- 1.1.5 In performing its functions, NHFIC must act in a proper, efficient and effective manner.

## 1.2 BOARD OF MEMBERS

- 1.2.1 The Board is established under and governed by the provisions of the NHFIC Act.

## 1.3 PURPOSE OF THE BOARD CHARTER

- 1.3.1 This is the Charter of the Board of NHFIC (the **Charter**). The Charter governs the operations of the Board. It sets out the Board's role and responsibilities, composition, structure and membership requirements.

## **1.4 DIRECTIONS TO THE BOARD FROM THE MINISTER - INVESTMENT MANDATE**

- 1.4.1 Under section 12 of the NHFIC Act, the Minister must give at least one direction, by legislative instrument, to the Board about the performance of NHFIC's functions. The Minister may give more than one such direction. Collectively, the Minister's directions constitute the Investment Mandate.
- 1.4.2 Pursuant to section 13 of the NHFIC Act, the Investment Mandate may include directions about matters such as:
- a) strategies and policies for the performance of NHFIC's functions;
  - b) decision-making criteria for making loans, investments and grants, granting financial assistance to States and Territories, and providing, to registered community housing providers, business advisory services and other assistance in capacity building;
  - c) limits on making loans, investments and grants and granting financial assistance to States and Territories;
  - d) risk and return relating to NHFIC's investments; and
  - e) any other matter the Minister considers appropriate.
- 1.4.3 Under the NHFIC Act, the directions given by the Minister are subject to certain limitations. In accordance with section 14 of the NHFIC Act, the Minister must not make directions that have the purpose, or the likely effect, of directly or indirectly requiring the Board to take or not take actions relating to particular grants, loans, investments or financial or other assistance. Additionally, the Minister cannot give a direction that is inconsistent with the NHFIC Act.

## **1.5 ROLE OF BOARD**

- 1.5.1 Pursuant to section 16 of the NHFIC Act, the functions of the Board are:
- a) to decide, within the scope of the Investment Mandate, the strategies and policies to be followed by the NHFIC;
  - b) to ensure the proper, efficient and effective performance of the NHFIC's functions; and
  - c) to fulfil any other functions conferred on the Board by the NHFIC Act.
- 1.5.2 The Board is responsible for the overall operation and stewardship of NHFIC and the strategies, policies and financial objectives of NHFIC, and for monitoring the implementation of those strategies, policies and financial objectives, including the responsibilities set out below.

- 1.5.3 In performing the responsibilities set out in this Charter, the Board should act at all times in accordance with the duties and obligations imposed on them by the NHFIC Act, the PGPA Act and any other applicable law.

## 1.6 REVIEW OF CHARTER

- 1.6.1 The Board must review and reassess this Charter at least annually and, if required, make any amendments to this Charter.

# 2. ROLES AND RESPONSIBILITIES OF THE BOARD

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## 2.1 STRATEGY

- 2.1.1 The role of the Board in respect of strategy includes:

- a) providing input to, and approval of, NHFIC's strategic direction, objectives, goals and budgets as developed by management in a manner which is at all times consistent with NHFIC's functions under the NHFIC Act and the Investment Mandate;
- b) directing, monitoring and assessing NHFIC's performance against strategic and business plans;
- c) approving and monitoring expenditure; and
- d) reviewing and approving the major policies of NHFIC.

## 2.2 RISK MANAGEMENT AND GOVERNANCE

- 2.2.1 The role of the Board in respect of risk management and governance includes:

- a) identifying the principal risks of NHFIC's business, ensuring the NHFIC has in place an appropriate risk management framework (including the credit risk strategy and significant credit risk policies) and establishing the acceptable levels of risk within which the Board expects the management of NHFIC to operate;
- b) reviewing and approving the NHFIC's systems of internal compliance and control, audit, risk management (including the credit risk strategy and significant credit risk policies) and legal compliance systems, to determine the integrity and effectiveness of those systems; and
- c) approving and monitoring material internal and external financial and other reporting.

## 2.3 FINANCIAL MANAGEMENT AND REPORTING

2.3.1 The role of the Board in respect of financial management and reporting includes monitoring the operational and financial position and performance of NHFIC.

2.3.2 Pursuant to sections 48 and 49 of the NHFIC Act, the Board's role also includes:

- a) ensuring, according to sound commercial principles, that the capital and reserves of NHFIC are at any time sufficient to meet the likely liabilities of NHFIC and to make adequate provision for default in the repayment of principal, or in the payment of interest or other charges, in connection with loans made by the NHFIC;
- b) ensuring that, if the Board determines that:
  - i. the capital and reserves of the NHFIC are not sufficient; or
  - ii. there are reasonable grounds to believe that, at a time in the future, the capital and reserves of the NHFIC may not be sufficient,

the Minister is informed in writing as soon as practicable of this determination and the reasons for this determination; and

- c) recommending, within 4 months after the end of each financial year, by written notice to the Minister, that NHFIC may a specified dividend, or not pay a dividend to the Commonwealth for that financial year.

2.3.3 Section 46 of the PGPA Act requires the Board to prepare annual reports for NHFIC. Under clause 56 of the NHFIC Act, the annual reports must include:

- a) the particulars of any changes to the Investment Mandate during the period and their impact on the operations of the NHFIC; and
- b) in relation to each kind of financial support provided by the NHFIC during the period, a summary of:
  - i. the amount of that kind of financial support; and
  - ii. the risks and returns to the Commonwealth.

## 2.4 CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

2.4.1 The role of the Board in respect of corporate governance includes:

- a) ensuring ethical behaviour and compliance with NHFIC's own governing documents, including NHFIC's code of conduct (if any);
- b) monitoring and evaluating NHFIC's compliance with its corporate governance standards; and
- c) safeguarding the interests and reputation of the NHFIC and the Australian Government.

## 2.5 BOARD COMMITTEES

- 2.5.1 Pursuant to section 47 of the NHFIC Act, the Board may establish committees to advise or assist in the performance of the Board's or the NHFIC's functions.
- 2.5.2 A committee may be constituted wholly by Board members, wholly by persons who are not Board members, or partly by Board members and partly by other persons.
- 2.5.3 The Board may determine, in relation to a committee established under this section:
- a) the committee's terms of reference;
  - b) the terms and conditions of appointment of the members of the committee; and
  - c) the procedures to be followed by the committee.

## 2.6 OTHER

- 2.6.1 The role of the Board also includes performing such other functions as prescribed by law.

# 3. BOARD COMPOSITION AND RELATED MATTERS

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## 3.1 BOARD SIZE AND COMPOSITION

- 3.1.1 Pursuant to section 17 of the NHFIC Act, the Board consists of:
- a) the Chair; and
  - b) at least 4, and no more than 6, other members.

## 3.2 OTHER MATTERS DEALT WITH IN THE NHFIC ACT

- 3.2.1 The NHFIC Act deals with:
- a) the appointment of part-time Board members with appropriate skills, qualifications and experience by the Minister (section 18);
  - b) the appointment of one of the Board members as Chair by the Minister (section 19);
  - c) the term of appointment of Board members (section 20);
  - d) the appointment of acting Board members by the Minister (section 21);
  - e) the remuneration of the Board members (section 22);

- f) leave of absence of Board members (section 23);
- g) the resignation of Board members (section 24); and
- h) the termination of appointment of Board members (section 25).

## 4. MEETINGS OF THE BOARD

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### 4.1 CONVENING MEETINGS

4.1.1 Pursuant to section 28 of the NHFIC Act, the Board must hold such meetings as are necessary for the efficient performance of its functions. The Chair may convene a meeting at any time but must convene at least 4 meetings each calendar year. The Chair must also convene a meeting within 30 days after receiving a written request to do so from another Board member.

### 4.2 PRESIDING AT MEETINGS

4.2.1 Pursuant to section 29 of the NHFIC Act, the Chair must preside at all meetings at which he or she is present. If the Chair is not present at a meeting, the other Board members present must appoint one of themselves to preside.

### 4.3 QUORUM

4.3.1 Pursuant to section 30 of the NHFIC Act, at a meeting of the Board, a quorum is constituted by a majority of Board members. However, if:

- a) a Board member is required by rules made for the purposes of section 29 of the PGPA Act not to be present during the deliberations, or to take part in any decision, of the Board with respect to a particular matter; and
- b) when the Board member leaves the meeting concerned there is no longer a quorum present;

the remaining Board members at the meeting constitute a quorum for the purpose of any deliberation or decision at that meeting with respect to that matter.

### 4.4 VOTING AT MEETINGS

4.4.1 Pursuant to section 31 of the NHFIC Act, a question arising at a meeting of the Board is to be determined by a majority of the votes of the Board members present and voting. The person presiding at the meeting of the Board has a deliberative vote and, if the votes are equal, a casting vote.

## 4.5 CONDUCT OF MEETINGS

- 4.5.1 Pursuant to section 32 of the NHFIC Act, the Board may, subject to the other provisions in Part 3 Division 3 of the NHFIC Act, regulate proceedings at its meetings as it considers appropriate.

## 4.6 MINUTES

- 4.6.1 The Board must keep minutes of its meetings in accordance with section 33 of the NHFIC Act.

## 4.7 DECISIONS WITHOUT MEETINGS

- 4.7.1 Section 34 of the NHFIC Act gives the Board the flexibility to make decisions without meetings. Pursuant to section 34(2), the Board may determine that it may make decisions of a certain kind without meeting as well as the method by which Board members are to indicate agreement with proposed decisions.

- 4.7.2 Where the Board has made such a determination, the Board is taken to have made a decision without meeting if:

- a) a majority of the Board members entitled to vote on the proposed decision (which is the same as the Board members entitled to vote on the proposed decision had it been considered at a meeting) indicate agreement with the decision;
- b) that agreement is indicated in accordance with the method determined by the Board; and
- c) all the Board members were informed of the proposed decision, or reasonable efforts were made to inform all the Board members of the proposed decision.

- 4.7.3 The Board must keep a record of decisions made without meeting.

# 5. MANAGEMENT AND DELEGATION

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## 5.1 CHIEF EXECUTIVE OFFICER

- 5.1.1 Pursuant to section 37 of the NHFIC Act, the Chief Executive Officer:

- a) is to be appointed by the Board by written instrument, on a full time basis;
- b) holds office for the period specified in the instrument of appointment, which must not exceed 5 years; and
- c) must not be a Board member.

5.1.2 The Chief Executive Officer is responsible for the day-to-day administration of the NHFIC and must act in accordance with policies and strategies determined by the Board. The Board may also give directions to the Chief Executive Officer provided those directions are not inconsistent with the Investment Mandate.

5.1.3 The Board may appoint, by written instrument, an acting Chief Executive Officer in certain circumstances (section 38 of the NHFIC Act).

5.1.4 Other terms and conditions and arrangements for the Chief Executive Officer are set out at sections 39 to 44 of the NHFIC Act.

## 5.2 DELEGATION

5.2.1 Pursuant to section 54 of the NHFIC Act, the Board may, in writing, delegate to a Board member or the Chief Executive Officer any of its powers or functions under the NHFIC Act. In exercising any powers or performing any functions under the delegation, the delegate must comply with any directions of the Board.

## 5.3 CORPORATE SECRETARY

5.3.1 The Board will appoint a corporate secretary who will be responsible for distributing papers for, and taking minutes of, Board meetings and Board Audit Committee meetings.

5.3.2 The corporate secretary is accountable to the Chief Executive Officer and through the Chair of the Board, for all corporate governance matters.

## 5.4 ACCESS TO MANAGEMENT

5.4.1 Individual Board members may have access to:

- the Chief Executive Officer
- the corporate secretary; and
- senior NHFIC management following consultation with the Chair and the Chief Executive Officer.

# 6. OTHER MATTERS

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## 6.1 THE OBSERVER

6.1.1 Pursuant to section 27 of the NHFIC Act:

- a) a Commonwealth officer may be appointed by the Minister as an observer on a part-time basis, for a period not exceeding 6 months;

- b) the observer is entitled to:
  - i. receive notice of meetings of the Board;
  - ii. attend meetings of the Board and take part in proceedings (not including voting) as the observer thinks fit; and
  - iii. access information held by, or under the control of NHFIC or the Board as the observer requests for the purposes of taking part in proceedings of the Board or reporting to the Minister; and
- c) the observer may report to the Minister on any matter relating to the operations of NHFIC or the Board, and must make such a report if a request is made by the Minister.

6.1.2 Accordingly, if an observer is appointed, the Board must invite the observer to attend all Board meetings. The observer's role is observe and report to the Treasurer on matters relating to the operations of NHFIC or the Board. The observer may participate in Board meetings but may not vote at those meetings, direct the board, commit the Commonwealth to spend money or enter into arrangements on behalf of the Commonwealth.

## **6.2 POLICY WHERE BOARD MEMBER DECLARES A CONFLICT OF INTEREST**

6.2.1 From time to time a Board member may declare that they have a conflict of interest. To help Board members manage any such conflicts the Board has developed the 'Board and Committee Members Disclosure of Interest Policy' which sets out the structures and procedures to be followed in accordance with the PGPA Act. This Disclosure of Interest Policy is drafted with the aim of ensuring that the consideration of matters by the Board and any Board committees is undertaken free from any actual influence or appearance of influence from persons with conflicts of interest, and that the disclosure of NHFIC's confidential information is to be subject to appropriate corporate governance controls.

## **6.3 INDEPENDENT PROFESSIONAL ADVICE FOR BOARD MEMBERS**

6.3.1 Board members may obtain independent professional advice, at NHFIC's cost, in carrying out their responsibilities.

6.3.2 It is appropriate to obtain independent professional advice where:

- a) the issue or recommendation in question is one which the Board member reasonably considers, after consulting with the Board or the Chair, is of a character that makes obtaining independent professional advice appropriate; and
- b) the Board or Chair acting in good faith, following such consultation consents to the obtaining of such advice (such consent not to be unreasonably withheld or delayed).

- 6.3.3 A suitable qualified expert in the appropriate field should be instructed. Prior to instructing the expert, the Board member should advise the Board or Chair of the fee payable which must be reasonable having regard to the nature of the advice sought and the fees charged by comparable experts.
- 6.3.4 To the extent practicable, all instructions to the expert must be in writing specifying the party instructing, the capacity in which that party is acting and the party to whom the advice is to be addressed. Alternatively, where instructions have been given orally, a file note should be prepared detailing the instructions, or the expert's advice should include a summary of the instructions given.
- 6.3.5 Except in circumstances of competing interests between the Board members or the Board member and NHFIC, the Chair, acting in good faith, may determine that a copy of the advice, any instructions given and all materials which accompanied the instructions be provided to the Board. In circulating that advice the Board member does so under common interest legal professional privilege.