



Board Charter

April 2020

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1.0 Purpose of the Board Charter

This Board Charter sets out the corporate governance for the New Zealand Infrastructure Commission/Te Waihanga (Infracom), including its key roles and relationships.

2.0 Autonomous Crown Entity

Infracom is an autonomous Crown entity established under the Infrastructure Commission/Te Waihanga Act 2019. Provisions affecting the Board's governance, members and reporting are set out in the New Zealand Infrastructure Commission/Te Waihanga Act 2019 and the Crown Entities Act 2004.

3.0 Infracom's Functions

The functions of Infracom are set out in the New Zealand Infrastructure Commission/Te Waihanga Act 2019.

Infracom's main function is to coordinate, develop and promote an approach to infrastructure that encourages infrastructure, and services that result from the infrastructure, that improve the wellbeing of New Zealanders.

Infracom has the following additional functions:

Strategy and planning function

Provide advice on:

- a. the ability of existing infrastructure to meet community expectations, and current and future infrastructure needs; and
- b. priorities for infrastructure, and any matters that prevent, limit or promote the efficient and effective delivery of infrastructure and services that result from the infrastructure.

Support functions

- a. Promote a strategic and coordinated approach to the delivery of current and proposed infrastructure projects;
- b. provide and coordinate information about current infrastructure projects; and
- c. provide support services to current and proposed infrastructure projects.

Reports

Develop a strategy report that includes a statement as to the ability of existing infrastructure to meet community expectations for the next 30 years and identifies the priorities for infrastructure over the next 30 years.

4.0 Roles of the Responsible Minister and Treasury

4.1 Responsible Minister

The Minister is responsible to Parliament for managing the Crown's interest in Infracom, particularly:

- a. making sure, through appointment, re-appointment and/or removal of Board members, that an effective Board is in place to govern Infracom;
- b. appointing one of the Board members as the Chair and another Board member as the Deputy Chair;

- c. ensuring that the Board members selected have the independence, skills, knowledge, and experience necessary for the Board to work effectively; and
- d. participating in setting Infracom's direction and reviewing the operations and performance of Infracom.

The role of the responsible Minister is to oversee and manage Infracom in accordance with the Crown Entities Act 2004.

The Infracom Board is responsible for governing Infracom's operations, maintaining open communication with the Minister, setting the direction of Infracom along with the Minister, and ensuring Infracom achieves its objectives, as expressed in the relevant legislation and Infracom's Statement of Intent (SOI).

4.2 Treasury

On behalf of the responsible Minister, the Treasury is responsible for:

- a. ensuring Infracom has identified its intended results in line with the Government's requirements, and ensuring Infracom is aware of and follows budget processes and timeline requirements;
- b. monitoring Infracom's performance against expected results and outputs and providing feedback to the responsible Minister, including whether Infracom's key performance expectations in the SOI and Statement of Performance Expectations (SPE) have been or are likely to be met;
- c. assessing and managing Government risks and keeping the responsible Minister advised on Infracom's capability to achieve its results, any emerging issues for Infracom, and on the merit of any Infracom budget initiatives; and
- d. providing the responsible Minister with advice on any issues, fiscal difficulties or possible irregularities.

5.0 Roles of the Board and Chair

5.1 The Board

The Board is responsible for:

- a. ensuring Infracom acts in a manner consistent with the objectives and functions set out in the New Zealand Infrastructure Commission/Te Waihanga Act 2019, Infracom's current SOI and SPE, and the Crown Entities Act 2004 (sections 49-52);
- b. ensuring Infracom performs its functions efficiently and effectively, and meets its obligations to the responsible Minister as outlined in its SOI and SPE;
- c. maintaining a 'no surprises' approach with the responsible Minister;
- d. ensuring Infracom acts in a financially responsible manner and that it prudently manages its assets and liabilities, endeavours to ensure its long-term financial viability, and acts as a successful going concern;
- e. ensuring Infracom appropriately engages with Māori as tangata whenua of Aotearoa, New Zealand;
- f. ensuring Infracom fosters, cultivates and preserves a diverse and inclusive workplace;
- g. appointing the Chief Executive, setting their remuneration and objectives, and monitoring their performance;

- h. approving Infracom’s policies including health, safety and wellbeing policy and practices;
- i. ensuring any approach to the responsible Minister is in consultation with the Chair;
- j. ensuring any contact with Infracom management is in consultation with the Chief Executive or his/her delegated authority;
- k. having and implementing formal procedures for evaluating the Board’s performance, along with that of any Board Committee and the Board members. The Chair is responsible for leading these processes, supported by the Audit and Risk Committee Chair who is responsible for leading the process for evaluating the Chair’s performance;
- l. investing the Board’s time and resources to ensure Board members retain a sound understanding of their responsibilities, and have collective or individual professional development; and
- m. investing the Board’s time and resources to ensure there is an appropriate induction programme for new Board members.

5.2 The Chair and Deputy Chair

The Board Chair is responsible for:

- a. chairing or arranging another Board member to chair the Board meetings;
- b. briefing any new Board members on Infracom current strategies and directions;
- c. leading the establishment, implementation, and ongoing review of formal procedures for evaluating the Board, the Board Committees and Board members, with support from Treasury’s Governance and Nominations Committee; and
- d. ensuring the Board meets the expectations of the Government detailed in the “Enduring Letter of Expectations” (October 2019).

If the Board Chair is unavailable or is conflicted, the Deputy Chair may exercise all the functions and powers of the Chair.

The Board may by resolution appoint a temporary Deputy Chair.

6.0 Roles of the Chief Executive and Board Secretary

6.1 The Chief Executive

The Chief Executive is responsible for:

- a. leading Infracom’s day to day business, operations and people;
- b. developing strategies for review and decision by the Board, and implementing the Board’s decisions;
- c. accepting authorities delegated by the Board;
- d. keeping the Board informed and attending the Board meetings in an advisory capacity;
- e. maintaining a ‘no surprises’ approach with the Board;
- f. maintaining a good working relationship with the Chief Executive of the Treasury and other stakeholders;
- g. public relations and communications on behalf of Infracom; and
- h. developing, implementing and monitoring Infracom’s policies.

The Chief Executive is charged with the day to day management of Infracom, and provides the principal link between the Board and management.

6.2 Board Secretary

The Governance Adviser or such other person as appointed by the Board, shall be the Board Secretary. The Board Secretary is responsible for:

- a. contributing to the good governance of the Board through management of the Board's governance and meeting programme;
- b. monitoring compliance with Board and Board Committee policies and procedures;
- c. in conjunction with the Board Chair and Chief Executive, ensuring timely completion and distribution of the agenda and papers for all Board and Board Committee meetings;
- d. ensuring all documentation relating to the Board and Board Committees is centrally held and archived appropriately;
- e. managing the Board budget and ensuring the Board members' fees and expenses are paid in line with policy; and
- f. acting as the single point of contact for all Board functions and all non-Chief Executive to Board communications.

7.0 Board Committees

The Board has one standing Board Committee, Audit and Risk, to assist it in carrying out its responsibilities, and the Board has delegated some of its responsibilities, powers and authority to that Board Committee.

The Audit and Risk Committee assists the Board with governance and oversight of all matters relating to risk management, financial management, performance management and controls.

The Board may, from time to time, establish ad hoc or other standing Board Committees and delegate responsibilities, powers and authority to those Board Committees.

The Board is responsible for deciding the Board Committee's Terms of Reference. See the Audit and Risk Committee's Terms of Reference in Appendix 1.

8.0 Key Accountability Documents

8.1 Letter of Expectations

The responsible Minister(s) will provide an annual Letter of Expectations (LOE) that sets out their expectations of the Infracom Board for the coming financial year. The LOE is one of the key inputs into Infracom's SOI and SPE.

8.2 Statement of Intent

The purpose of the SOI is to promote public accountability by:

- a. setting out Infracom's medium-term intentions and commitments;
- b. enabling the Crown to participate in the process of setting those intentions and commitments;
- c. providing Parliament with contextual information about Infracom, and information about the intentions and commitments that have been set; and
- d. providing a baseline so Infracom's actual performance can be assessed.

8.3 Statement of Performance Expectations

The SPE is published every year and contains a commentary on Infracom’s priorities for the coming year, performance measures, and the forecast financial statements which will be reported in the Annual Report.

8.4 Annual Report

The Annual Report is to be prepared in accordance with sections 150-157 of the Crown Entities Act 2004 and requires Board approval prior to submission to the responsible Minister(s) and the public. The Annual Report is published every year, and reports on progress against the performance measures and financial position.

9.0 Reporting

9.1 Reports and Meetings with the responsible Minister

Unless the responsible Minister requires otherwise, Infracom provides the Minister with the following:

- a. regular reports to update the Minister on key issues and developments; and
- b. monthly meetings or as required between the Board Chair, the Chief Executive and the Minister on strategy, key issues and developments.
- c. ‘no surprises’ reports, as required.

9.2 Reporting and Disclosure

The Board is responsible for ensuring:

- a. there is integrity in financial reporting and in the timeliness and balance of disclosures on Infracom’s affairs;
- b. a rigorous process for assuring the Board of the quality and integrity of Infracom’s financial reports including their relevance, reliability, comparability and timeliness; and
- c. that the annual reporting against the SOI and SPE, in addition to the information required by law, includes sufficient meaningful information to enable the responsible Minister(s) and the public to be well informed on Infracom’s affairs.

The Board will publish its Board Charter on Infracom’s website, and ensure the Board Charter is reviewed annually.

9.3 Auditors

The Auditor-General appoints Infracom’s external auditor, who undertakes the annual audit of Infracom’s financial and non-financial performance. These areas are reported in Infracom’s Annual Report.

The Board facilitates full and frank dialogue between the Audit and Risk Committee, the external auditor and management.

10.0 Board Procedures

10.1 Meetings

The Board will hold meetings at least six times per year, however it may be necessary to meet more often for the Board to fulfil its responsibilities. The Board Chair, any Board member or the Chief Executive

may request a meeting at any time if necessary. The Board Chair has the discretion to determine if an extraordinary meeting is required.

Meeting dates for the Board are agreed annually (but generally no later than the August meeting) for the following year. Timely notice of meetings shall be provided. The Board Chair has the discretion to change the dates after consultation with the other Board members.

The Board may meet virtually if required, provided that all of the members who wish to participate in the meeting have access to the technology needed to participate and the members can simultaneously communicate with each other throughout the meeting.

10.2 Quorum

The quorum for a Board meeting is half the number of Board members if the Board has an even number of members, or a majority of the Board members if the Board has an odd number of members. No business may be transacted at a Board meeting if there is no quorum.

10.3 Agendas and papers

Unless agreed otherwise with the Board Chair in extraordinary circumstances, Board and Board Committee papers are distributed to Board members and attendees preferably five business days prior to the scheduled meeting, but no less than three business days. The papers are confidential and should not be shown or copied to any third party without the prior written approval of the Board Chair (or the Audit and Risk Chair in relation to Audit and Risk Committee papers).

10.4 Minutes

The Board Secretary is present and prepares the minutes of all Board and Committee meetings. In preparing the minutes, the Secretary will record matters discussed in general terms as opposed to producing a verbatim record. Draft minutes are forwarded as soon as practicable after a meeting to the relevant Chairs for comment.

10.5 Absence

Board meeting attendance is recorded and included in Infracom's Annual Report.

Where a Board member is absent from Board meetings or Board business for a period greater than two months, the annualised fee (if applicable) may be pro-rated to take into account this absence (e.g. an absence of 2 months would result in payment of 10/12 of the annual fee).

Where a Board member fails to attend a significant number of meetings, or otherwise perform their duties as a member, the Board Chair needs to raise the issue of expectations about performance with the member and if necessary with the responsible Minister.

11.0 Professional Advice and Opinions

To carry out its role, the Board may need to seek legal opinions or other independent professional advice. Where it is impracticable or inappropriate for the whole Board to approve the procurement of the advice, the Board Chair (with the approval of the Chair of the Audit and Risk Committee) may initiate this process. However, the full Board should be advised as soon as possible of the arrangements entered into.

The process of selecting the provider of the legal opinion or independent advice will be transparent and undertaken in accordance with Infracom's procurement policy. The Board will be provided with copies of any legal opinions or professional advice, which are commissioned on the Board's behalf.

12.0 Board Members' Fees and Expenditure

The Cabinet Office Circular [CO\(19\)1: Fees framework for members appointed to bodies in which the Crown has an interest](#) sets out the framework and guidance on Board fees and expenses.

Appendix 3 sets out the process including forms for invoicing Board Member fees and expenses.

12.1 Fees

Board members are currently on a daily rate, and are advised to refer to paras 46 to 52 of [CO\(19\)1: Fees framework for members appointed to bodies in which the Crown has an interest](#) and their letter of appointment for further guidance.

Board members should also refer to paras 79 to 82 of [CO\(19\)1: Fees framework for members appointed to bodies in which the Crown has an interest](#) in relation to fees chargeable for time spent in travel to meetings/sittings or on board business (daily fees only).

When Board members are on an annual rate, please refer to paras 37 to 45 of [CO\(19\)1: Fees framework for members appointed to bodies in which the Crown has an interest](#) for guidance.

In relation to tax on fees, please refer to paras 164 to 174 of [CO\(19\)1: Fees framework for members appointed to bodies in which the Crown has an interest](#) for guidance. Board members are advised to seek independent tax advice when structuring their affairs, particularly in relation to Board fees.

Board members' fees invoice will contain information as per Appendix 3 – Form A.

12.2 Expenditure

Refer to paragraphs 92 to 94 of [CO\(19\)1: Fees framework for members appointed to bodies in which the Crown has an interest](#).

Board members must comply with the Government requirement of prudent spending of public funds. The Board follows Infracom's policies on expenses, travel, gifts and hospitality and will use relevant contracted All of Government providers.

If a Board member travels on behalf of other entities or himself / herself, Infracom expects that the Board member will take care to ensure Infracom is only charged for the Infracom related share of the costs, that there is no duplication of claims, and all expenses are allocated between the different entities.

Infracom recognises that it will not always be practical to differentiate precisely which entity is deriving the benefits, and Infracom's guideline is that the entity that receives the substantive benefit pays for it.

For Board meetings and events, Infracom arranges the Board members' travel and accommodation (via a contracted All of Government travel and accommodation provider), and these costs are charged directly to Infracom.

12.3 Board Meeting Expenses – Authorisation Process

Standard expenses relating to Board meetings or events organised by Infracom that are expenditure charged to Infracom (e.g. flight and accommodation), or for which a reimbursement claim is made, may be approved by the Chief Executive and will be monitored by Audit and Risk Committee Board on a quarterly basis.

Board members' reimbursement claims will include GST receipts, and contain information as per Appendix 3 – Form B.

12.4 Ad-hoc Board Expenses – Authorisation Process

Any other Board expenses must be pre-approved by the Board Chair (or by the Audit and Risk for Board Chair's expenses).

Stakeholder entertainment

- Expenditure on stakeholder entertainment needs to be planned and transparent, with any information or views that are gathered being fed back to the Board as a whole.

Overseas travel

- Board members must obtain approval from the Board Chair (or the Audit and Risk Chair in the case of the Board Chair's travel) for any proposed overseas expenditure prior to travel commencing, and the Board advised of the proposed travel.
- Applications for travel should include the reason for the proposed travel, and the estimated expense amounts to be incurred, consistent with Infracom's travel policy.
- Following the travel, the Board member will promptly complete a claim that sets out all charges made to Infracom or claimed from Infracom, for review by Infracom and then approval by the Board Chair (or the Audit and Risk Chair, in the case of the Chair's expenses).

12.5 Expenses for Board members' partners

Where partners are invited to attend Infracom related events, the issue of whether travel costs are met by Infracom or by the Board member personally will be decided on a case by case basis, but generally the Board member will pay the cost of a partner's travel.

12.6 Technology Hardware

Infracom will not, as a matter of course, provide Board members with technology items such as mobile phone handsets, personal digital assistants, laptops, desktops, printers etc. However, where there is benefit to Infracom in providing technology to a Board member in order to provide a more efficient and effective method of operation, Infracom may provide such hardware on a loan basis.

12.7 Insurance

Board members of Infracom are covered under Infracom's professional indemnity, Board members and officers, general liability and statutory liability insurance policies.

Cover is also provided for Board members when travelling overseas on Infracom business where authorised by Infracom. Board members are responsible for ensuring the insurance cover is adequate for their personal circumstances before travelling.

13.0 Ethical Standards

Board Members individually will ensure they fulfil the following Crown Entities Act 2004 and ethical duties:

- a. to not contravene, or cause or agree to Infracom's contravention of the Crown Entities Act 2004 or the New Zealand Infrastructure Commission/Te Waihanga Act 2019;
- b. to exercise the powers and discretions conferred upon them in good faith and honestly in the interests of, and for the benefit of, Infracom;

- c. to not delegate decisions or act under a third party's direction, except as permitted by law;
- d. to not act for their own benefit, or for the benefit of any third party;
- e. to not disclose information or make use of it, except when required for Infracom to perform its functions and as permitted by law;
- f. to not promote personal interests by making or pursuing a gain in circumstances in which there is a conflict (i.e. real, potential or perceived) between the Board member's personal interests and those of Infracom;
- g. to ensure proper use of Infracom's resources and that any expenditure is not wasteful, excessive or inappropriate for a Crown entity;
- h. to not receive undisclosed gifts; and
- i. to not work for Infracom in any professional capacity (e.g. be a paid consultant), in addition to their Board member role. This restriction is noted in the [Cabinet Fees Framework for Crown Entity Board Members](#) and the Minister's Letter of Appointment.

13.1 Conflict of Interest

Board Members will comply with the [State Services Commission Model Standards for Conflicts of Interest](#).

Sections 62 to 72 of the Crown Entities Act 2004 also govern potential conflicts of interest which may arise between Board members and Infracom's business. A copy of those sections is attached as Appendix 2.

13.2 General conflicts of interest procedure

Board members must advise the Board Chair of all outside Board memberships or other appointments and interests which may have a bearing on their role as an Infracom Board member, prior to becoming a Board member; and thereafter in respect of any new appointment, prior to taking up such an appointment.

Where conflicts (or potential conflicts) of interest may arise, Board members must formally notify any matter relating to that conflict (or potential conflict) in the following manner:

- a. If the conflict is identified by the Board member or the Chair:
 - i. the Board member notifies the Board Chair; or
 - ii. the Board Chair notifies the Chair of Audit & Risk Committee.
- b. If the conflict is identified by management:
 - i. in the case of a Board member, the Chief Executive notifies the Board Chair and the affected Board member; or
 - ii. in the case of the Board Chair, the Chief Executive notifies the Chair of the Audit & Risk Committee and the Board Chair.

13.3 Conflicts of interest procedure prior to Board/Committee meetings

The following will apply at the time of the distribution of Board/Committee papers:

- the Board Secretary will e-mail all Board members at the time the Board/Committee papers are being sent out requesting notification of any potential conflicts;
- Board members will notify the Board Chair and Board Secretary of any potential conflict;
- the Board Secretary will review e-mails and if required, request further information, or gather any other information relevant to the matter. The Board Secretary will then forward details to the Board Chair (or the Audit and Risk Chair if the Board Chair has a conflict). The Board

- Secretary will arrange any assistance the Board Chair requires in analysing the potential conflict;
- the Board Chair (or the Audit and Risk Chair if the Board Chair has a conflict) will make a decision regarding the conflict issue and notify the relevant Board member (or the Board Chair) and Board Secretary;
 - the Board Secretary will prepare notes for the Board Chair (or the Audit and Risk Chair if the Board Chair has a conflict) to use at the Board/Committee meeting to notify the Board of agreed action regarding any conflict identified; and
 - the Board Secretary will ensure all paperwork is filed appropriately, so it can be referred to should an issue arise.

13.4 Confidentiality and security of information

The overarching obligation is that Board members must ensure that information they hold about Infracom or receive from Infracom is kept securely and treated in strict confidence, and that property of Infracom (including information) is used solely in the best interests of Infracom.

14.0 Risk Management

The Board is responsible for ensuring that:

- a. Infracom has appropriate processes that identify and manage potential and relevant risks;
- b. the Board has communicated the Infracom Board's risk appetite;
- c. Infracom operates rigorous processes for risk management and internal controls; and
- d. the Board receives regular reports on the risk management and internal control processes.

15.0 Health, Safety and Wellbeing

Members of the Board, as "Officers" under the Health and Safety at Work Act 2015 (HSWA), must each exercise due diligence to ensure that Infracom complies with its duties and obligations under New Zealand health and safety legislation. Each Board member must exercise the care, diligence, and skill that a reasonable officer would exercise in the same circumstances, taking into account (without limitation):

- a. the nature of Infracom; and
- b. his or her position as a Board member and the nature of the responsibilities undertaken by him or her in that position.

This includes taking reasonable steps:

- a. to acquire, and keep up to date, knowledge of work health and safety matters;
- b. to gain an understanding of the nature of Infracom's operations and generally of the hazards and risks associated with those operations;
- c. to ensure that Infracom has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety from work carried out by it;
- d. to ensure that Infracom has appropriate processes for receiving and considering information regarding incidents, hazards, and risks and for responding in a timely way to that information;
- e. to ensure that Infracom has, and implements, processes for complying with its duties and obligations under the HSWA; and

- f. to verify the provision and use of the resources and processes referred to in paragraphs 15c. to 15e.

16.0 Review of the Charter

The Charter will be reviewed annually, the first review on or about 30 April 2021.

Appendix 1 - Audit and Risk Committee – Terms of Reference

The Audit and Risk Committee is a committee of the Board and is appointed under clause 14, Schedule 5 of the Crown Entities Act 2004 (CEA). The Committee reports, and is responsible, to the Board and is required to operate within the delegated responsibilities, authorities and accountabilities as set out in these Terms of Reference.

1. Purpose

To assist Infracom to discharge its responsibility to exercise due care, diligence and skill in relation to the oversight of:

- the robustness of the internal control framework;
- the integrity and appropriateness of external reporting, and accountability arrangements within the organisation for these functions;
- the robustness of risk management systems, process and practices including those relating to the prevention of fraud, ethics and integrity, conflicts of interest, delegated authorities, sensitive expenditure and reputational damage;
- internal and external audit;
- accounting policy and practice; and
- compliance with applicable laws, regulations, standards and best practice guidelines for public entities.

The foundations on which this Committee operates, and as reflected in this Terms of Reference, include independence, clarity of purpose, competence, open and effective relationships, and a 'no surprises' approach.

2. Procedure

In order to give effect to its advice, the Committee should make recommendations to the Board and to management.

3. General Responsibilities

Internal Control Framework

- Consider the adequacy and effectiveness of internal controls and the internal control framework, including overseeing privacy and cyber security.
- Enquire as to the steps management has taken to embed a culture that is committed to probity and ethical behaviour.
- Review the processes or systems in place to capture and effectively investigate fraud or material litigation should it be required.
- Seek confirmation annually and as necessary from internal and external auditors, and management, regarding the completeness, quality and appropriateness of financial and operational information that is provided to Infracom.

Risk Management

- Review and consider management's risk management framework in line with Infracom's risk appetite, which includes policies and procedures to effectively identify, treat and monitor significant risks, and regular reporting to the Infracom Board.
- Assist Infracom to determine its appetite for risk.
- Review the principal risks that are determined by the Board of Infracom and management, and consider whether appropriate action is being taken by management to minimise/manage

Infracom's significant risks. Assess the effectiveness of, and monitor compliance with, the risk management framework.

- Consider emerging significant risks and report these to the Board of Infracom where appropriate.

Compliance with Legislation, Standards and Best Practice Guidelines

- Review the effectiveness of the system for monitoring Infracom's compliance with laws (including governance legislation, regulations and associated government policies), with State Service Commission and Treasury standards, together with Best Practice Guidelines for Crown Entities and the NZX Code of Corporate Governance.

4. Specific Responsibilities

The Committee is responsible for:

Appointment of Auditor

The Committee shall liaise with the Auditor General in relation to the appointment of an auditor, and liaise with the appointed auditor.

Other Reports and Statutory Requirements Programme

The Committee will review and make recommendations to the Board and Chief Executive, and monitor compliance with, a programme to give effect to the following statutory obligations:

- (a) preparation and completion of SOI; ss 138 to 149A CEA;
- (b) preparation and completion of SPE; ss 149B to 149M CEA;
- (c) preparation of annual report and financial statements; ss 150 to 154 CEA;
- (d) the statement of responsibility under s 155 CEA;
- (e) the keeping of accounting records as required by s 168 CEA; and
- (f) the obligations and restrictions in ss 158 to 164 CEA and related regulations.

The Board of Infracom will consider the Committee's recommendations prior to the approval of all outputs in (a) to (f) above.

The responsibility of the Committee is in respect of the administration of the programme and the nature and impact of such changes.

The Chief Executive must keep Committee members up to date with current accounting and reporting standards and legislation, and, in particular, any changes which could affect Infracom's financial statements or reporting obligations.

Internal controls

The Committee will review systems of internal control with audit to determine the extent to which the systems and audits of them can be relied upon to detect and control weaknesses or fraud.

Infracom policies

The Committee will monitor compliance with policies identified by the Board for it to monitor.

The Chief Executive (or a delegate approved by the Committee) will inform the Committee of any material breach identified in respect of any monitored policy, and provide reports on compliance with policies when requested.

The Committee will, at the Board's request or of its own volition, review any monitored policy and make recommendations to the Board where appropriate.

Insurance

Each year the Committee will review Infracom's insurance policies and any policy changes which may be recommended.

Litigation

The Committee will monitor any legal proceedings involving potential liability or contingent liability of Infracom.

5. Review of Terms of Reference

The Committee shall review its Terms of Reference every two years and report to the Board the outcome of that review.

6. Membership and Quorum

The Committee shall comprise three members of the Board and one independent person; all appointed by the Board. The quorum for a meeting shall be three, with the Chair of the Committee and the independent person required to be in attendance.

7. Term of Appointment

The term of office of each member shall be up to two years (with the first appointments expiring 30 June 2021).

8. Meetings

The Committee will meet monthly or as required during the establishment period and will then meet at least quarterly from June 2020.

9. Attendance by Chairperson, Board Members, Management, and Auditors

The Chairperson will receive the Committee agenda, may request any papers or correspondence, and may attend any Committee meeting, especially the meeting considering the Annual Report and Financial Statements.

The auditors, Chief Executive and relevant staff may be invited to attend Committee meetings. The auditors will have access to the Committee at any time and it is expected that they may meet with the Committee without staff being present. Other Members of the Infracom Board may attend and observe any meeting of the Committee.

The Committee may request the Chief Executive to procure external professional advice where the Committee considers this necessary to meet its responsibilities. Where appropriate, that advice may be provided direct to the Committee.

10. Secretarial Support

The Chief Executive will ensure that a complete record of the proceedings of the Committee including agendas, minutes and papers, proposals, advice and reports provided to the Committee is maintained in permanent form.

11. Reporting

When the Committee is considering a recommendation to the Board concerning adoption of Infracom's Annual Report and Financial Statements, reports presented to the Committee at that meeting shall include:

- the draft Annual Report, Financial Statements and all relevant materials;
- the auditors' Management Letter;
- a report from the auditors on any matters they believe the Committee needs to be aware of; and
- a report from the Chief Executive on judgments made by management in the course of preparing the Financial Statements which have a material impact on the Financial Statements.

At other meetings during the year, according to a schedule approved by the Committee at the beginning of each year, reports presented to the Committee shall include:

- audit reports, including management responses to the recommendations;
- reports on compliance monitoring of internal controls;
- reports on each insurance renewal round;
- half-yearly updates of Infracom's risk assessment; and
- reports of any significant changes to legislation or regulations.

The Committee will provide the minutes of each meeting to the Board.

12. Conflicts of Interest

Committee members must declare any real or perceived conflicts of interest in line with the requirements of Infracom's Conflicts of Interest Policy and the Board Charter.

13. Confidentiality

Committee members have a responsibility to treat all information with appropriate confidentiality. This includes matters tabled or discussed at the Committee meetings, as well as any additional issues that are raised outside meetings.

Note:

On 18 November 2019 the Board resolved to:

- appoint Raveen Jaduram, Sue Tindall and David Cochrane to be the initial members of the Committee;
- appoint Sue Tindall as the Chair of the Committee; and
- authorise Sue Tindall to approach identified potential candidates for appointment as the independent member of the Committee.

Appendix 2: Sections 62-72 of the Crown Entities Act (Conflict of Interest Disclosure Rules)

62 When interests must be disclosed

- (1) In this section, **matter** means—
 - (a) a statutory entity's performance of its functions or exercise of its powers; or
 - (b) an arrangement, agreement, or contract made or entered into, or proposed to be entered into, by the entity.
- (2) A person is **interested** in a matter if he or she—
 - (a) may derive a financial benefit from the matter; or
 - (b) is the spouse, civil union partner, de facto partner, child, or parent of a person who may derive a financial benefit from the matter; or
 - (c) may have a financial interest in a person to whom the matter relates; or
 - (d) is a partner, director, officer, board member, or trustee of a person who may have a financial interest in a person to whom the matter relates; or
 - (e) may be interested in the matter because the entity's Act so provides; or
 - (f) is otherwise directly or indirectly interested in the matter.
- (3) However, a person is not interested in a matter—
 - (a) only because he or she is a member or an officer of a wholly-owned subsidiary of the entity or of a multi-parent subsidiary of the entity and 1 or more other Crown entities; or
 - (b) because he or she receives an indemnity, insurance cover, remuneration, or other benefits authorised under this Act or another Act; or
 - (c) if his or her interest is so remote or insignificant that it cannot reasonably be regarded as likely to influence him or her in carrying out his or her responsibilities under this Act or another Act; or
 - (ca) only because he or she has past or current involvement in the relevant sector, industry, or practice; or
 - (d) if an entity's Act provides that he or she is not interested, despite this section.

63 Obligation to disclose interest

- (1) A member who is interested in a matter relating to the statutory entity must disclose details of the interest in accordance with section 64 as soon as practicable after the member becomes aware that he or she is interested.
- (2) A general notice of an interest in a matter relating to the statutory entity, or in a matter that may in future relate to the entity, that is disclosed in accordance with section 64 is a standing disclosure of that interest for the purposes of this section.
- (3) A standing disclosure ceases to have effect if the nature of the interest materially alters or the extent of the interest materially increases.

64 Who disclosure of interests must be made to

The member must disclose details of the interest in an interests register kept by the statutory entity and to—

- (a) the chairperson or, if there is no chairperson or if the chairperson is unavailable or interested, the deputy or temporary deputy chairperson; or
- (b) the responsible Minister, if there is neither a chairperson nor a deputy or temporary deputy chairperson, or if both the chairperson and the deputy or temporary deputy chairperson are unavailable or interested.

65 What must be disclosed

The details that must be disclosed under section 64 are—

- (a) the nature of the interest and the monetary value of the interest (if the monetary value can be quantified); or
- (b) the nature and extent of the interest (if the monetary value cannot be quantified).

66 Consequences of being interested in matter

A member who is interested in a matter relating to a statutory entity—

- (a) must not vote or take part in any discussion or decision of the board or any committee relating to the matter, or otherwise participate in any activity of the entity that relates to the matter; and
- (b) must not sign any document relating to the entry into a transaction or the initiation of the matter; and
- (c) is to be disregarded for the purpose of forming a quorum for that part of a meeting of the board or committee during which a discussion or decision relating to the matter occurs or is made.

67 Consequences of failing to disclose interest

- (1) The board must notify the responsible Minister of a failure to comply with section 63 or section 66, and of the acts affected, as soon as practicable after becoming aware of the failure.
- (2) A failure to comply with section 63 or section 66 does not affect the validity of an act or matter.
- (3) However, subsection (2) does not limit the right of any person to apply, in accordance with law, for judicial review.

68 Permission to act despite being interested in matter

- (1) The chairperson of a statutory entity may, by prior written notice to the board, permit 1 or more members, or members with a specified class of interest, to do anything otherwise prohibited by section 66, if the chairperson is satisfied that it is in the public interest to do so.
- (2) The permission may state conditions that the member must comply with.
- (3) The deputy or temporary deputy chairperson may give the permission if there is no chairperson, or if the chairperson is unavailable or interested.
- (4) The responsible Minister may give the permission if there is neither a chairperson nor a deputy or temporary deputy chairperson, or if both the chairperson and the deputy or temporary deputy chairperson are unavailable or interested.
- (5) The permission may be amended or revoked in the same way as it may be given.
- (6) The board must disclose an interest to which a permission relates in its annual report, together with a statement of who gave the permission and any conditions or amendments to, or revocation of, the permission.

69 Entity may avoid certain acts done in breach of conflict of interest rules

- (1) A statutory entity may avoid a natural person act done by the entity in respect of which a member was in breach of section 66.
- (2) However, the act—
 - (a) may be avoided only within 3 months of the affected act being disclosed to the responsible Minister under section 67; and
 - (b) cannot be avoided if the entity receives fair value in respect of the act.
- (3) An act in which a member is interested can be avoided on the ground of the member's interest only in accordance with this section.

70 What is fair value

- (1) The entity is presumed to receive fair value in respect of an act that is done by the entity in the ordinary course of its business and on usual terms and conditions.
- (2) Whether an entity receives fair value in respect of an act must be determined on the basis of the information known to the entity and to the interested member at the time the act is done.

71 Onus of proving fair value

- (1) A person seeking to prevent an act being avoided, and who knew, or ought reasonably to have known, of the member's interest at the time the act was done, has the onus of establishing fair value.
- (2) In any other case, the entity has the onus of establishing that it did not receive fair value.

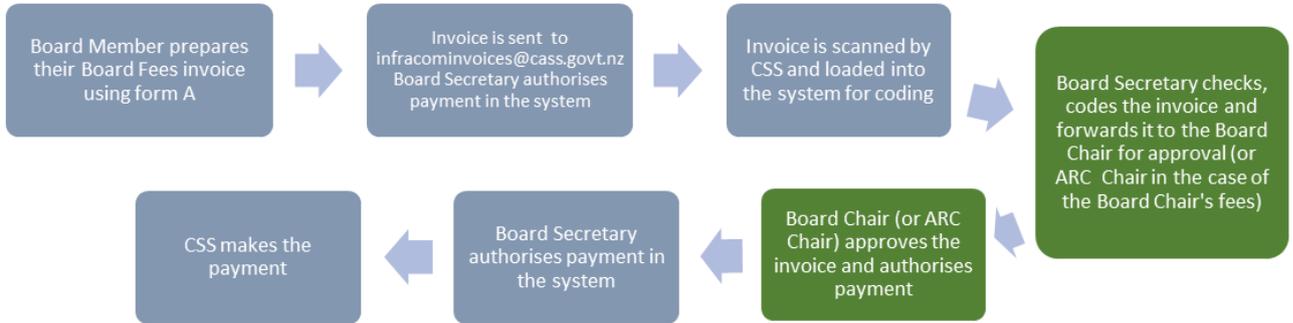
72 Effect of avoidance on third parties

The avoidance of an act under section 69 does not affect the title or interest of a person to or in property that that person has acquired if the property was acquired—

- (a) from a person other than the entity; and
- (b) for valuable consideration; and
- (c) without knowledge of the circumstances of the act under which the person referred to in paragraph (a) acquired the property from the entity.

Appendix 3 – Board Fees and Expenses Process including Forms

Board Fees



Board Expenses (Standard: Board Meetings and Infracom Organised Events)



Board Expenses (Ad-hoc: E.g. Stakeholder Entertainment/International Travel)



Form A Board Fees:

TAX INVOICE

INVOICE DATE:

INVOICE NUMBER:

GST NUMBER:

COST CENTRE REF: 100/2370

TO:	FROM:
NZ Infrastructure Commission	<i>Board Member Name</i>
C/- CASS Finance	<i>Board Member Address</i>
P O Box 3724	<i>Board Member Email Address</i>
Wellington 6140	
InfracomInvoices@cass.govt.nz	
(cc. Boardsec@infracom.govt.nz)	

BOARD FEES:
Preparing for Board Meeting XX/XX/XXX
Attendance at Board Meeting XX/XX/XXXX

DESCRIPTION	HOURS	RATE	TOTAL
			\$ -
			\$ -
			\$ -
			\$ -
NET TOTAL			\$ -
Plus GST @ 15% [Remove if not applicable]			\$ -
TOTAL AMOUNT DUE:			\$ -

Please Direct Credit to: *Bank Account*

By issuing this invoice, I certify that the above fees charged are in accordance with my letter of appointment and the Cabinet Fees Framework CO (19)1 - in particular paras 46-72 and 79 to 82.

Form B Board Expenses:

TAX INVOICE

INVOICE DATE:

INVOICE NUMBER:

GST NUMBER:

COST CENTRE REF: 100/2373

TO:

NZ Infrastructure Commission

C/- CASS Finance

P O Box 3724

Wellington 6140

InfracomInvoices@cass.govt.nz

(cc. Boardsec@infracom.govt.nz)

FROM:

Board Member Name

Board Member Address

Board Member Email Address

REIMBURSEMENT OF EXPENSES:

Expenses in relation to [attending the following Board meetings]:

[Insert dates]

[Insert dates]

GST receipts attached.

OR

Expenses in relation to [insert other ad-hoc expenses details – e.g. stakeholder entertainment or overseas travel]

Chair/Audit and Risk Chair's pre-approval email and GST receipts attached.

DESCRIPTION	TOTAL
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
NET TOTAL	\$ -
Plus GST @ 15%	\$ -
TOTAL AMOUNT DUE:	\$ -

Please Direct Credit to: **Bank Account**

By issuing this invoice, I certify that the above expenses claimed are actual and reasonable, were incurred solely on Te Waihangā business and are in accordance with the Cabinet Fees Framework CO (19)1 - in particular paras 92 to 94.