

GOVERNANCE CHARTER

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1. Corporate Governance and its application to Adelaide Primary Health Network

1.1 Principles of governance for Adelaide PHN

This Governance Charter seeks to ensure that Adelaide PHN Board of Directors (**Board**) operates efficiently and effectively for the purpose of achieving Adelaide PHN’s objects, bearing in mind the various accountabilities that the Directors of Adelaide PHN have. This Governance Charter supplements the Constitution of Adelaide PHN and the Australian Government Department of Health and Aged Care’s framework for Primary Health Networks (**PHNs**).

Corporate governance refers to the way in which organisations are overseen and is concerned with the processes and procedures that ensure organisations achieve their objectives. The term “corporate governance” applies to all types of organisations; whether not-for-profit or for-profit.

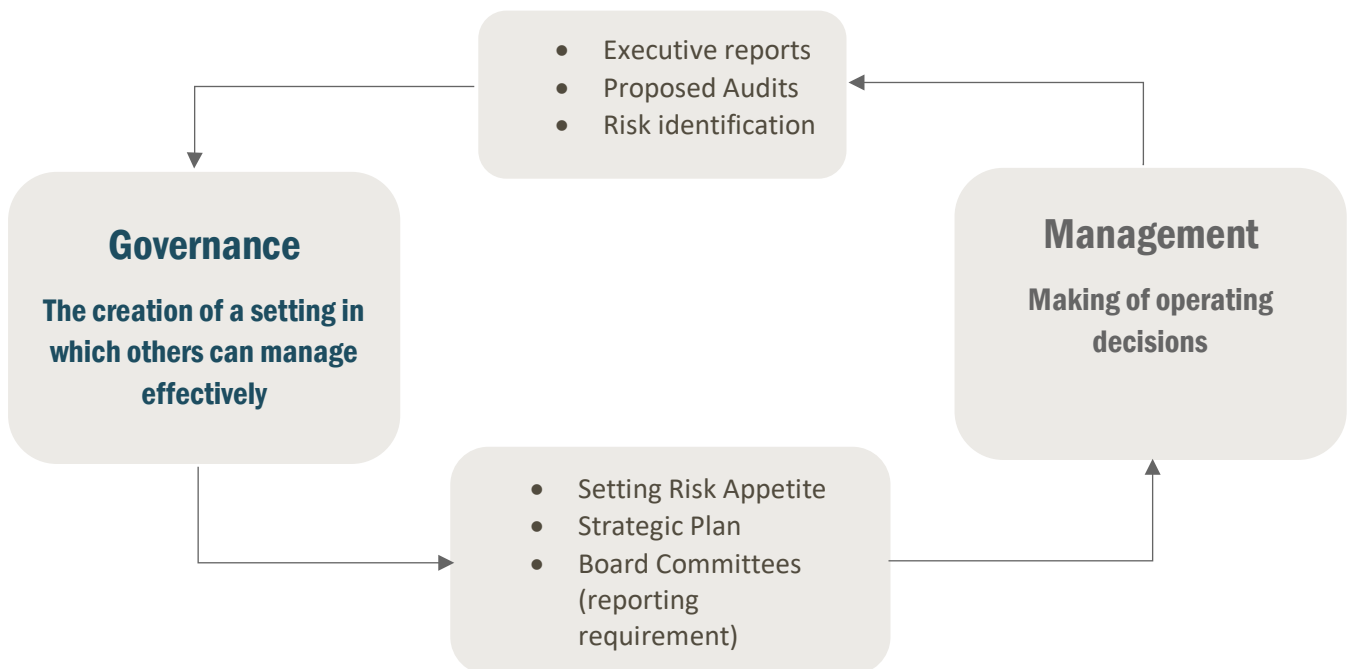
In ‘Review of the Corporate Governance of Statutory Authorities and Office Holders’, June 2003 John Uhrig AC, defined corporate governance as:

The arrangements by which the power of those who implement the strategy and direction of an organisation is both delegated and limited to ensure the organisation’s success, taking into account the environment in which the organisation is operating.’

Corporate governance therefore relates to:

- (a) the processes undertaken to set, guide and monitor the future direction of the organisation being governed;
- (b) ensuring the organisation understands and operates within its relevant legal obligations and other boundaries;
- (c) driving organisational performance (through the management team); and
- (d) establishing appropriate internal control processes and accountability systems.

In summary, corporate governance seeks to define the difference between governing and managing which can be described as follows:



A governance framework provides visibility of organisational performance and the ability to respond to a rapidly changing environment. This Governance Charter recognises that excessive rules can encourage avoidance through technical loopholes, rather than adherence to good practice principles as a foundation for good governance. Therefore, this Governance Charter seeks to provide guidance, policy and procedure in accordance with good governance practice but with sufficient flexibility to adapt to Adelaide PHN's changing circumstances into the future.

1.2 Governance and Adelaide PHN's Constitution

Adelaide PHN is a company limited by guarantee whose ultimate object is to improve the health of the local community. Adelaide PHN's work is framed around the national priorities for PHNs set by the Australian Government.

The Constitution sets out, in clause 3.1, the objects for which Adelaide PHN exists. The ultimate object is to improve the health of the local community through:

- (a) improving the patient journey through developing integrated and co-ordinated services;
- (b) providing support to clinicians and service providers to improve patient care;
- (c) identification of the health needs of local areas and development of locally focused and responsive services;
- (d) facilitation of the implementation and successful performance of primary health care initiatives and programs through effective stakeholder engagement;
- (e) be efficient and accountable with strong governance and effective management;
- (f) raising money to further the aims of the Company and to secure sufficient funds for the objects of the Company;
- (g) receiving any funds and distributing these funds in a manner that best attains the objects of the Company; and
- (h) doing all such other things as are incidental or conducive to the operation of the Company and otherwise for the attainment of all or any of the above objects of the Company.

The Constitution may only be amended by special resolution of members in accordance with the requirements of the Corporations Act and the Constitution.

1.3 Adelaide PHN Board's responsibility to deliver the objects and rights of delegation

Adelaide PHN is empowered under clause 4.1 of the Constitution to do all such acts, deeds, matters and things to enter into and to make such arrangements as are incidental or conducive to the attainment of any of its objects. The Board is responsible for the governance of Adelaide PHN in accordance with clause 14.1 of the Constitution.

The activities of Adelaide PHN are to be managed by, or under the direction of, the Board. The Board has the authority to exercise all powers that are not required to be exercised by the members in general meeting in accordance with clause 14.2 of the Constitution.

The Board may delegate any of its powers to a Director, committee of Directors, employee, or any other person in such manner as the Board may determine from time to time in accordance with the authority set out in Constitution. The effect of these clauses is that the staff are responsible for implementing the lawful decisions of the Board as directed.

This Governance Charter sets out the primary role, responsibilities and functions the Board will undertake to demonstrate its accountability to key stakeholders.

1.4 Vision and Mission

The Board has adopted a Strategic Framework setting out Adelaide PHN's vision and values.

Adelaide PHN's vision is *"Shaping the health system to deliver better outcomes for vulnerable people, and a healthier Adelaide"*

Adelaide PHN's values are reflected in 4 behaviours:

- Work, achieve and celebrate together
- We use our people and resources wisely
- We are consistently transparent and timely
- Do what we say we will do

1.5 Governance Framework:

Company Limited by Guarantee

Adelaide PHN is a company limited by guarantee, comprising in accordance with clause 6.1 of the Constitution, the following members:

- (a) the Directors as appointed from time to time; and
- (b) the Chair/s of any Aboriginal Community Advisory Council established by the Board; and
- (c) the Chair/s of any Clinical Council established by the Board; and
- (d) the Chair/s of any Community Advisory Council established by the Board.

Members, provided they have paid the annual membership fee (if any), will be entitled to speak to a motion and vote at a general meeting.

Accountability

The Board recognises and embraces the fact that, as there are extensive powers conferred upon the Board, the Board has accountability for the responsible exercise of such powers to deliver the objects. This accountability extends primarily to members of Adelaide PHN as a whole, and also to broader key stakeholders, including to any established Aboriginal Community Advisory Council, to any established Clinical Council, any established Community Advisory Council and the Australian Government Department of Health and Aged Care.

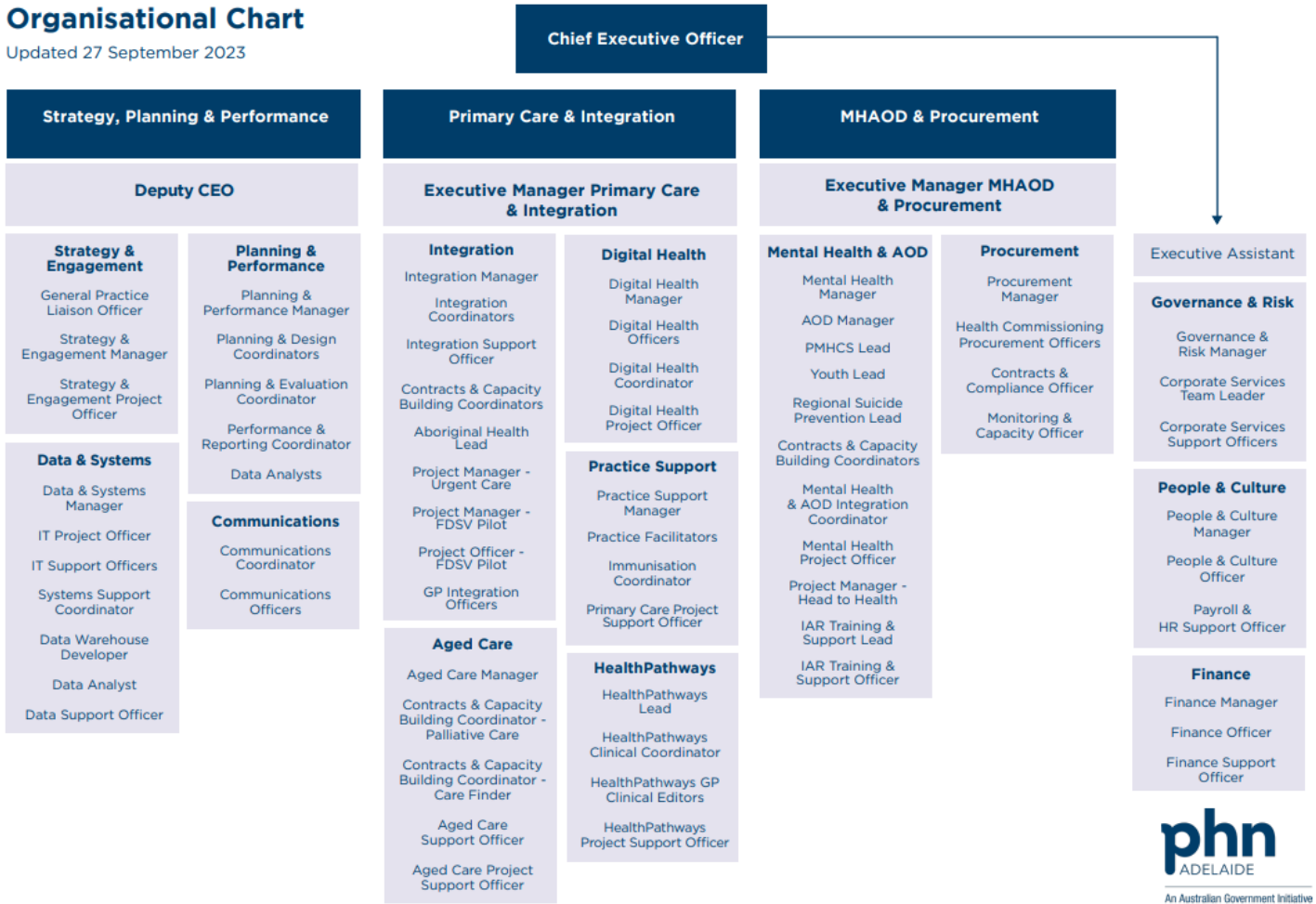
This sense of accountability and responsibility underpins the philosophy of governance at Adelaide PHN and demands a constant awareness on the part of the Board to appropriately balance the discharge of these accountabilities.

The Board carries out its corporate governance role through the conferral of power to the Chief Executive Officer and through the Chief Executive Officer, to management. This is reflected in clause 22.2 of the Constitution. In addition to the Board working committees, the Chief Executive Officer and Management are supported by internal committees.

The organisational structure of Adelaide PHN is reflected in its Organisational Chart, as set out in the diagram below:

Organisational Chart

Updated 27 September 2023



2. Adelaide PHN does not operate in isolation

The issue of governance is complex and is subject to change over time. Indeed, Adelaide PHN does not operate in isolation from these matters, but within the expectations of the wider community as to how governance is appropriately conducted.

As a registered charity, Adelaide PHN must ensure its compliance with the Australian Charities and Not-For-Profit Commission's governance framework.

2.1 Corporations Act

As a company limited by guarantee, Adelaide PHN must comply with the requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**) and the associated Regulation. The Corporations Act is the principal legislation regulating companies in Australia. It regulates matters such as the formation and operation of companies and the legal duties and responsibilities of the officers who govern companies.

Under the Corporations Act, third parties are entitled to assume that Adelaide PHN's Constitution, and any provisions of the Corporations Act have been complied with. Additionally, a person may assume that anyone who appears to be a director from publicly available information provided by the company to ASIC, has been duly appointed and has authority to exercise the powers and perform the duties customarily exercised or performed by a director. Further, a person may assume that as officers and agents of the company, Directors will properly perform their duties to the company.

The legal and fiduciary duties of directors and officers, under the Corporations Act and generally, are detailed in section 3.6 below.

2.2 ACNC Framework

Much has been discussed in the wider community about best contemporary governance practice for not-for-profit bodies and the desire to ensure that there is public trust and confidence in the charitable sector.

The ACNC was established with the core object of promoting public trust and confidence in the charitable sector through amongst other things, the implementation of governance standards for charities.

All charities, other than basic religious charities, must meet six governance standards which are a minimum standard of governance to help promote public trust and confidence in charities in order to remain registered as a charity with the ACNC. Registration with ACNC enables a charity to continue to obtain government funding. The six governance standards are:

Standard 1 - Purposes and not-for-profit nature of a registered entity

Charities must work towards their charitable purpose. They must be able to demonstrate this and provide information about their purpose to the public.

Standard 2 - Accountability to members

Charities that have members must take reasonable steps to be accountable to their members and provide their members adequate opportunity to raise concerns about how the charity is governed.

Standard 3 – Compliance with Australian laws

Charities must not commit a serious offence (such as fraud) under any Australian law or breach a law that may result in a penalty of 60 penalty units (currently \$18,780) or more.

Standard 4 – Suitability of responsible persons

Charities must check that their responsible persons (such as board and committee members called ‘responsible entities’ under the ACNC Act) are not disqualified from managing a corporation under the Corporations Act or disqualified from being a responsible person of a registered charity by the ACNC Commissioner. Charities must take reasonable steps to remove any responsible person who does not meet these requirements. This includes persons who are disqualified through bankruptcy.

Standard 5 – Duties of responsible persons

Charities must take reasonable steps to make sure that responsible persons understand and carry out the duties required.

Standard 5 is of particular importance to Adelaide PHN. It requires that Board members act with integrity and common sense, and to do the following:

- (a) act with reasonable care and diligence;
- (b) act honestly in the best interests of the charity and for its charitable purpose;
- (c) not misuse their position as a responsible person;
- (d) not misuse information they gain in their role as a responsible person;
- (e) disclose conflicts of interest;
- (f) ensure that the financial affairs of the charity are managed responsibly; and
- (g) not allow the charity to operate while it is insolvent.

These obligations are reflected in clause 10.1 of the Constitution. Importantly, the governance standards do not limit any similar duties and responsibilities that are imposed under other legislation and common law (judge-made law).

The ACNC has provided guidance as to who a ‘responsible person’ is for the purpose of the ACNC legislation. The ACNC considers the responsible persons are the members of the governing body (which for Adelaide PHN is all Directors and its Council Chairs) and those acting in the role of directing or guiding the strategic direction of the charity (rather than the day-to-day management) which includes the Chief Executive Officer and the Company Secretary. These people are the ones responsible for ensuring that the organisation is solvent and well run and delivering the charitable outcomes.

Standard 6 – Maintaining and enhancing public trust and confidence in the Australian not-for-profit sector

Standard 6 requires that charities must take reasonable steps to become a participating non-government institution if the charity is, or is likely to be, identified as being involved in the abuse of a person in an application for redress made under section 19 of the *National Redress Scheme for Institutional Child Sexual Abuse Act 2018* (Cth) (the **Redress Act**) or in information given in response to a request from the National Redress Scheme Operator (the Secretary of the Department of Social Services) under section 24 or 25 of the Redress Act. Standard 6 is relevant only if Adelaide PHN is, or is likely to be, identified as being involved in the abuse of a person.

2.3 PHN framework

The Australian Government Department of Health and Aged Care publish documents for PHNs including guidelines, frameworks, information sheets and policies.

PHNs were established with the key objectives of:

- commission health services to meet the needs of people in their regions and address gaps in primary health care
- work closely with general practitioners (GPs) and other health professionals to build the capacity of the health workforce capacity to deliver high-quality care
- integrate health services at the local level to create a better experience for people, encourage better use of health resources, and eliminate service duplication

2.4 Assessing community needs

PHNs regularly assess the health needs of their community. This involves:

- looking at evidence from various sources
- identifying groups of people who are more at risk of poor health than others
- mapping existing health services
- identifying gaps or inefficiencies

During this process, PHNs might consult with:

- members of the community who use the health system or are interested in improving it
- general practitioners and other health professionals
- health service providers
- community workers
- local hospital networks or equivalent
- local councils
- government departments
- academics
- elected representatives

This approach encourages tailored solutions that meet local needs and address community priorities, guided by:

- the Australian Government's key priorities
- the program grant guidelines
- our needs assessment guide

2.5 Commissioning services

PHNs do not provide health services themselves. Instead, they commission them and support services to improve efficiency.

Following the needs assessment, PHNs:

- prioritise and plan services that will meet their community's needs and address gaps
- work with stakeholders and health service providers to make sure they can provide the required services
- work with other funders to pool resources and coordinate services, to avoid duplication and waste of resources
- purchase or procure new services or activities
- monitor and evaluate the effectiveness of those services.

This approach ensures primary health care services:

- are located where they are needed most and where they have the greatest impact
- receive funding in line with priorities for their region
- work together to reduce gaps and duplication between different types of services, and provide people with a better experience in the healthcare system
- aim to reduce the number of unnecessary hospital visits

2.6 Supporting health services

PHNs provide ongoing support to general practitioners, pharmacists, nurses, and other health workers, as well as administrative staff. This helps to improve care and strengthen the primary health care system.

Support might cover:

- improving quality of care, so that different services work together to treat people and that people don't go to hospital if they don't need to
- designing health promotion programs (such as for chronic conditions, mental health, diabetes, immunisation and sexual health)
- developing workforce skills, including through education and training
- increasing cultural awareness and competency
- improving the health literacy of the community
- encouraging the use of digital health systems to help health professionals share information, including through My Health Record
- supporting health data management, including collecting information

PHNs provide this support in various ways, depending on need, including:

- face to face
- on site
- by phone or email
- through educational or networking events, including webinars
- via online and printed resources, such as newsletters, brochures, and guidelines

3. Adelaide PHN Board's role

3.1 Board Role

The Board is the ultimate governing body of Adelaide PHN.

The Board is comprised of not less than 5 and not more than 9 Directors in accordance with clause 10.2 of the Constitution. Adelaide PHN actively seeks Directors that are dedicated to improving health outcomes for people living in metropolitan South Australia. Directors are elected in accordance with clauses 10.9 to 10.13 of the Constitution.

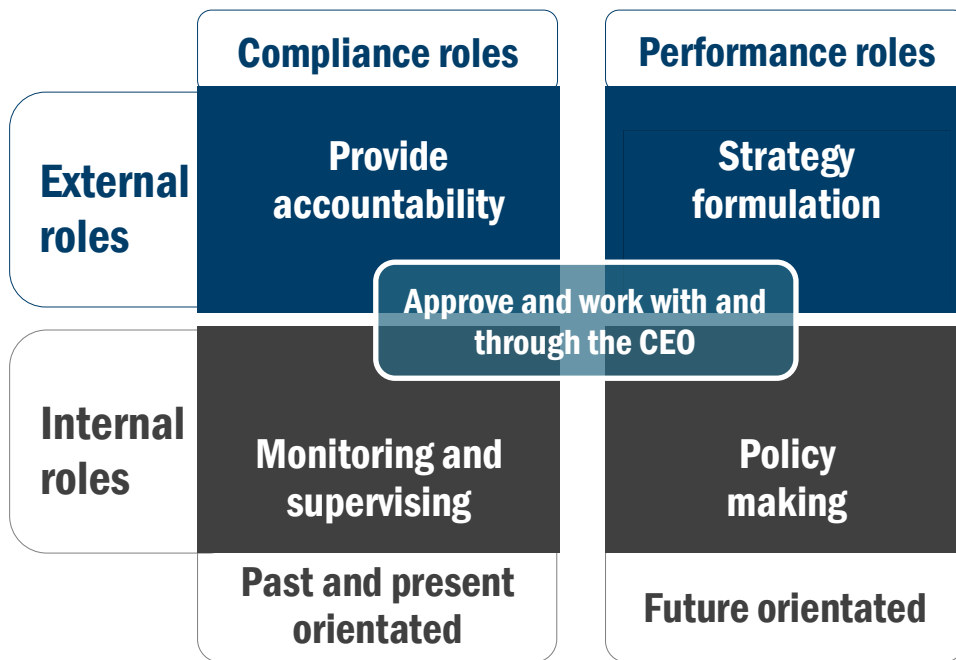
The Board carries out a strategic governance role to ensure Adelaide PHN is striving for excellent performance within the framework within which it operates, whilst balancing that performance with responsible legal and other conformance obligations.

The functions of the Board undertaken to achieve this role can be summarised as follows:

- (a) delivering accountability to key stakeholders;
- (b) influencing, and engaging in, strategy development;

- (c) development of policy;
- (d) monitoring and supervising operations and the implementation of strategy and policy;
- (e) appointing a Company Secretary;
- (f) appointing a Chief Executive Officer, and monitoring and supervising their ongoing performance; and
- (g) working with and through the Chief Executive Officer.

These functions are extracted from the following Tricker Model of Governance:



3.2 Supporting Governance Frameworks

Adelaide PHN is committed to honest and genuine community-wide involvement.

Our councils are made up of a Clinical Council, Community Advisory Council, and an Aboriginal Community Advisory Council.

Together, our councils support Adelaide PHN's program, services and activities by helping us better understand needs and opportunities in the community.

Adelaide PHN has one Clinical Council with representatives from the northern, southern, and central regions of Adelaide.

Our Clinical Council is an advisory body to the Adelaide PHN Board that is GP-led, multidisciplinary, and includes locally based representatives that reflect the key health care service providers of the Adelaide PHN area. The Clinical Council will advise the Adelaide PHN Board on a range of clinical issues including patient care pathways and service/system improvements. The Clinical Council informs our annual health Needs Assessment of the Adelaide metropolitan region as well as help shape the services, programs and initiatives we commission or implement in response to those needs. Specifically, the Clinical Council assist us by confirming local health conditions and disease trends, identify workforce needs and capacity, provide

valuable insight into the efficiency and feasibility of various service delivery models, and assist Adelaide PHN to build coordination and linkages between services.

Adelaide PHN has one Community Advisory Council (CAC) which includes representatives from the northern, southern and central regions of Adelaide. We also have one Aboriginal CAC.

As well as our Community Advisory Council, we also have one Aboriginal Community Advisory Council (ACAC) with representatives from the northern, central and southern regions of Adelaide.

CACs are groups of community members with lived experience of the primary health care sector and Adelaide PHN's priority areas. CAC members tell Adelaide PHN what is most important to those accessing primary health care services and contribute to the design and development of person-centred care. CACs play a key role in our annual needs assessment process and provide insight into our programs and services.

3.3 Responsibilities of unpaid and paid directorship

The responsibilities of directorship remain the same irrespective of whether Directors hold unpaid or paid roles. When considering if remuneration should be paid to Directors, regard should be had to all relevant laws to ensure Adelaide PHN meets its ongoing compliance obligations. Adelaide PHN is required to use the word 'Limited' in its name because the Constitution does not prohibit Adelaide PHN from paying fees to Directors. An exemption is available to Adelaide PHN to drop the word 'Limited' only in circumstances where the Constitution does not allow Directors to be paid fees and it requires the Directors to approve all other payments that Adelaide PHN makes to Directors. As Directors are remunerated, Adelaide PHN has developed a Director Remuneration Policy setting out the terms and conditions upon which remuneration will be payable.

3.4 Expectations of Directors of Adelaide PHN

Directors are individually responsible for and expected to actively contribute to all aspects of the Board's role and functions as stated in this Governance Charter.

At a minimum, Directors are to become familiar with all legal and fiduciary duties owed by directors as set out in clause 3.6 below.

Directors must:

- (a) avoid or manage all conflicts of interests according to the Australian Government Department of Health, Primary Health Networks Conflicts and Related Party Policy, and any conflict of interest policy adopted by Adelaide PHN.
- (b) be mindful of protecting the interests of Adelaide PHN through respecting the confidentiality of all board discussions, except only if expressly permitted or requested by the Board to discuss the matter externally and then only strictly in accordance with the Board's directions. This includes sharing information with Members who are not Directors.
- (c) only contact Adelaide PHN staff through the Chief Executive Officer or in accordance with protocols or prior arrangements approved by the Chief Executive Officer or the Board.
- (d) strive to help build a strong culture within the Board and between Board and management based on the importance of openness, honesty, fostering trust and mutual respect and taking individual responsibility for their role and functions as a Director of Adelaide PHN.

- (e) strive to ensure that Board meeting time is spent only on matters which are either clearly within the scope of matters which are reserved for the Board or are materially within Adelaide PHN's context.
- (f) except in extenuating circumstances only, comply with the Board's minimum Director contribution expectations, namely:
 - (i) attendance at a minimum of 75% of Board meetings (including specially scheduled meetings for strategy and business planning);
 - (ii) active involvement in delivering the organisation's strategic direction, which may include representation on a committee of the Board;
 - (iii) completion of all scheduled board skills training or professional development;
 - (iv) active participation in and contribution to discussions at Board meetings;
 - (v) responding to emails and phone calls from the Chairperson, Company Secretary, and the Chief Executive Officer within 24 hours, unless the Chair otherwise specifies, except where the Director has notified the Chairperson of their absence; and
 - (vi) informing the Chairperson of any anticipated absences as far ahead of such absences as possible.

3.5 Adelaide PHN Code of Conduct

Adelaide PHN is a services organisation established for the wellbeing of people living in metropolitan South Australia and all personnel are required to behave in an a professional, respectful and reasonable manner at all times. Adelaide PHN has developed a Code of Conduct which applies to all Directors, the Chief Executive Officer, Management and all staff.

3.6 Director's Legal and Fiduciary Duties

As referred to above, the ACNC Governance Standards apply given Adelaide PHN's registration as a charity. It is therefore important that the Board is aware of, and complies with, the duties place on directors of corporations. Directors of corporations are required by law to comply with a minimum standard of care, trust and integrity. These standards are:

- (a) the duty of care and diligence;
- (b) the duty to exercise powers in good faith and in the interest of Adelaide PHN;
- (c) the duty to act for a proper purpose; and
- (d) the duty not to misuse information or position.

The **duty of care and diligence** is the duty that requires the hard work of directorship. Directors need to demonstrate that they are actively involved in their role as a Board Member of Adelaide PHN. This requires that they execute their responsibilities diligently.

The **duty to act in good faith** is the manner of behaviour expected with directorship. This requires Directors to always act in the best interests of Adelaide PHN, and that decisions will benefit Adelaide PHN as a whole. Directors must act with integrity and honesty in promoting the aims of Adelaide PHN and for the benefit of all members.

The **duty to act for a proper purpose** means Directors must act for the exclusive purpose of promoting the interests of Adelaide PHN and not for any other purpose. Directors may only act within the scope of the powers granted to them by the Corporations Act and the Constitution.

The **duty not to misuse information or position** means that Directors may not use confidential information obtained as a director of Adelaide PHN to gain a personal advantage, gain an advantage for someone else or cause detriment to Adelaide PHN.

If at any time a Director is unsure of their obligations, they may wish to consult with the board's Company Secretary in the first instance (who performs the role of chief governance officer for the board) and/or they can and should seek independent professional advice.

Directors should be aware that a breach of these statutory duties can result in personal liability, ASIC sanctions, disqualification by ACNC, fines and in severe cases criminal proceedings (e.g. criminal negligence).

3.7 Role of Chairperson/ Deputy Chairperson

The leadership of Adelaide PHN is a responsibility collectively shared by the Board and the Chief Executive Officer.

The Chairperson of the Board is the leader of the Board. Within the ambit of the role as leader of the Board, the Chairperson acts as chair. In the capacity as chair, the Chairperson assures the integrity of the Board's processes and, represents the Board (and when explicitly authorised to do so, Adelaide PHN) as appropriate to outside parties. The role of the Chairperson is detailed in the Chairperson Role Statement.

Any Deputy Chairperson appointed by the Board assists the Chair in the workload associated with the role of Chair as per the Deputy Chair Role Statement. The role offers support to the Chair and, secondarily, represents the Board (and when explicitly authorised to do so, the organisation) as appropriate to outside parties. The Deputy Chairperson has no authority greater than delegated to them by the Board as a whole and so has no added authority to supervise or direct the Chief Executive Officer or other members of management.

3.8 Board Meeting Protocols and Practices Overarching Principles

The principal activity of the Board is to make informed effective decisions for Adelaide PHN. Directors have no individual authority outside the boardroom (unless such authority is delegated to them). A Board is only empowered collectively and its key activity of making informed effective decisions is done through the main mechanism of meetings of the Board.

To carry out this key activity, the following overarching principles apply to the conduct of Board meetings:

- (a) meetings will be convened and conducted in such a manner as to be conducive to effective decision-making;
- (b) information is provided to the Board in a timely fashion to enable Board members to prepare for meetings, and in a form with a content designed to fully inform the Board to make relevant decisions; and
- (c) board members are expected to read all material in advance of meetings to provide the optimum chance to discuss relevant information, give advance notice to management of other information which may be required to reach relevant decisions.

3.9 Meeting Protocols

The Board is responsible for agreeing from time to time the protocols applicable to the conduct of meetings. The overarching protocols agreed by the Board include:

- (a) adequate notice of all meetings of the Board is to be given to all Directors, in accordance with the Constitution;
- (b) all Directors shall be given the opportunity to be heard on all matters discussed by the Board;
- (c) discussion and consideration of all matters, and any challenges between Directors and between Directors and the Chief Executive Officer (and any members of management in attendance at meetings) shall be respectful at all times;
- (d) meetings shall be under the primary control of the Chairperson as chair of the Board (or the chair of the meeting as per the Constitution) and Directors shall comply with all lawful directions of the chair of the meeting in question.

3.10 Accurate minutes of all meetings shall be kept

Minutes shall be taken by the Company Secretary, or an alternate person determined by the Company Secretary, whether being an employee of Adelaide PHN or any other person.

Decisions shall be taken by resolution by consensus unless the Chairperson and/or chair of the meeting determines that some other process is demanded in the circumstances.

Provided that it is an accurate reflection of the business of the meeting, any Director may require that the minutes of a particular meeting record the Director's vote against a resolution, or an abstention and any relevant detail associated. Notwithstanding any dissent or abstention, where a resolution is passed by the Board, it is a decision of the whole Board and, without any way limiting the confidentiality obligations, all Directors must support that Board decision outside the boardroom.

3.11 Communication with Stakeholders Protocol

Communications with stakeholders are primarily the delegated responsibility of the Chief Executive Officer unless otherwise agreed by the Board. Consequently, individual Directors should not provide communication back to stakeholders about matters discussed or agreed by the Board.

3.12 Board Performance Effectiveness Evaluation Policy

As a part of its sense of accountability to key stakeholders, the Directors commit to an external process every 2 – 3 years (at the discretion of the Board) for the evaluation of the Board's effectiveness, as well as regular internal reviews. This is undertaken with a view to continuous improvement, rather than with a sense of identifying failures or shortcomings of the Board or its members. The review process is set out in the Board Performance Evaluation Policy.

3.13 Accountability Functions

The Board's role so far as that relates to the Board's function to deliver accountability to key stakeholders is to ensure:

- (a) clear written statement of role and responsibilities for Board;
- (b) expenditure of money and use of resources is consistent with appropriately balanced competing interests of stakeholders;
- (c) appropriate transparent management reporting systems exist;
- (d) regular effective communication with key stakeholders;
- (e) adequate avenues exist for people seeking communication with Adelaide PHN;

- (f) active monitoring of viability and activities of Adelaide PHN;
- (g) statutory and formal accountabilities (e.g. regulators, funding bodies etc) are met;
- (h) meaningful evaluations are conducted of the effectiveness of:
 - (i) the Board (including individual Directors),
 - (ii) committees of the Board, and
 - (iii) the Chief Executive Officer;
- (i) relevant professional development is provided for Board and senior management; and
- (j) the Board sets a respectful, ethical, and transparent organisational culture.

3.14 Strategy Functions

The Board's role, so far as that relates to the Board's responsibility to influence strategic development, includes:

- (a) determining with the Chief Executive Officer, the cycle for strategic planning;
- (b) the whole Board engaging in the strategic planning and review processes;
- (c) consideration of risks, opportunities and stakeholder views;
- (d) inclusion of clear measurable financial and other objectives in all strategic plans;
- (e) delegation of responsibility to the Chief Executive Officer for implementing strategic priorities; and
- (f) monitoring and reviewing performance of Adelaide PHN against approved strategic plans.

3.15 Strategic Plan

The current Strategic Plan for Adelaide PHN is available from the Chief Executive Officer upon request and on the web page: <https://adelaidephn.com.au/about/our-organisation/our-strategy>

The Board's role in the development of the Strategic Plan and ongoing monitoring is primarily managed by:

- (a) the Board setting the annual calendar in advance for the Board's meeting schedule to include adequate opportunity for the Board to be engaged in discussions surrounding the continual monitoring and revision of the Strategic Plan;
- (b) considering 'strategy and policy implications' at each meeting to give Directors the opportunity to raise, for later scheduled discussion, strategic or policy issues which may have arisen, but which have not otherwise been capable of being raised or addressed during the ordinary business of a meeting;
- (c) requiring reporting from the Chief Executive Officer on an ongoing basis to be framed against the strategic goals of Adelaide PHN; and
- (d) ensuring that KPIs for the Chief Executive Officer which are developed as a result of the annual performance evaluation and reflect Board-approved strategic goals or priorities and include a requirement that staff performance evaluation processes (which are under the authority of the Chief Executive Officer) do the same.

3.16 Policy Functions

The Board's role, so far as that relates to the Board's function to develop appropriate key policy includes:

- (a) development of key governance policies by the Board in keeping with appropriate practices in governance and legal accountability;
- (b) requiring the Chief Executive Officer to be accountable and responsible to the Board to develop appropriate operational policies;
- (c) ensuring organisational and operational policies are approved by the Board where appropriate and otherwise the Board is aware of them;
- (d) requiring that there is clear delineation between Board policy and policy which is the responsibility of the Chief Executive Officer to develop and monitor; and
- (e) active monitoring of all Board approved policies.

It is recognised that policy setting (and subsequent review and relevant consequences) drives organisational culture and future performance of an organisation. Approving and reviewing the effectiveness of key policies is regarded as an effective risk-management for Adelaide PHN's future performance.

3.17 Governance Policy Development

It is recognised that there is a cost in financial terms for Adelaide PHN to support the Board to adequately do its job. Adelaide PHN's budget-development therefore includes allowance for costs associated with the operation of the Board, and its continual improvement, since this is regarded as a valuable investment for the secure governance and stewardship of the assets and resources of Adelaide PHN. Some of those costs include:

- (a) cost of remuneration and reasonable travel and accommodation arrangements for attendance of Directors at Board meetings, pursuant to the Director Remuneration Policy.
- (b) cost of annual professional development activities for Directors as per the Board Professional Development Policy (subject to prior Board approval); and
- (c) any associated costs with induction of new Board members pursuant to the Director Remuneration Policy.

3.18 Conflicts of Interest

Effective identification and management of conflicts of interest in the boardroom is essential for two reasons, namely:

- (a) in order to build a strong boardroom culture of mutual trust, respect and openness, which assists with rigorous and consistent decision-making; and
- (b) to ensure absolute confidence amongst members, other stakeholders and the Board itself, that Board decisions are made only in the interests of Adelaide PHN and are not undermined by other allegiances or interests of Directors.

The Board has therefore developed a robust policy for the management of conflicts of interest, and encourages Directors to be honest and transparent to ensure conflicts, whether real or perceived, are fully disclosed and appropriately managed.

Directors must strictly comply with the spirit as well as the letter of the Australian Government Department of Health and Aged Care Primary Health Networks Conflicts and Related Party Policy and the Conflicts of Interest Policy adopted by the Board from time to time.

3.19 Boardroom confidentiality

A strong awareness of, and respect for, the importance of boardroom confidentiality is essential to build a strong boardroom culture of mutual trust, respect and openness.

The fiduciary and statutory duties of Directors demand that Directors remain loyal to the properly taken decisions of the Board, irrespective of any individual Director's personal views on the matter. As speaking against a properly taken decision of the Board outside the boardroom can damage Adelaide PHN, this may amount to a breach of duty to act in good faith in the interests of Adelaide PHN.

Therefore, all matters discussed within the boardroom are to be considered confidential and not to be discussed outside the boardroom, subject only to the following:

- (a) a Director may, outside the boardroom, discuss reasons for any decision of the Board which has already been published by Adelaide PHN (through the Chief Executive Officer or the Chairperson/chair as appropriate) provided that the Director may not discuss individual views of Directors (including their own views) or matters discussed by the Board in relation to those decisions which have not also been published by Adelaide PHN;
- (b) Directors (including the Chairperson/chair) may discuss other decisions of the Board, or other matters which come before it, outside the boardroom only with the prior express consent of the Board;
- (c) subject to the next paragraph, the Chief Executive Officer has general authority and discretion to publish all decisions of the Board (i.e. decisions passed by proper resolution of the Board) outside the boardroom, unless directed otherwise by the Board;
- (d) the Chief Executive Officer does not have authority to publish or discuss individual views of Directors (or their own views) or ancillary or other matters discussed by the Board in relation to Board decisions, other than with the Company Secretary, except with the prior express consent of the Board;
- (e) if a Director is approached and asked to comment or provide information to any person regarding decisions of the Board, the Director ought to refer the individual making the enquiry to the Chief Executive Officer and/or Chairperson of Adelaide PHN as the case demands; and
- (f) if a Director is placed in a compromising position in respect of matters discussed in the boardroom and is thus forced to make comments outside the boardroom on matters which ought not to be discussed outside the boardroom, the Director is expected to contact the Chairperson immediately after the relevant event and liaise with the Chairperson, and through him/her with the Chief Executive Officer and the Board as the case may require, to determine the best way to handle any issues arising out of the matters discussed by the Director outside the boardroom.

For the avoidance of doubt, boardroom confidentiality applies equally to prohibit Directors from discussing matters with:

- (a) their own employers;
- (b) Members of Adelaide PHN;
- (c) other related stakeholders of Adelaide PHN;
- (d) in other boardrooms; and/or
- (e) with any other unrelated person.

3.20 Monitoring and Supervising Functions

The Board's role, so far as that relates to the Board's responsibility for monitoring and supervising the implementation of strategy and policy includes:

- (a) it actively monitoring implementation of agreed strategies and policies (including budgets);
- (b) receiving and reviewing regular management reporting;
- (c) requiring the Board has a direct relationship with the external auditors to ensure integrity and financial reporting;
- (d) development of appropriate documented risk management framework which is regularly monitored, reviewed and updated;
- (e) appropriate use of Board committees for more detailed attention as necessary.

As governance at Adelaide PHN is founded on a strong sense of the Board's accountability the Board must apply itself to driving strong performance and to monitoring the implementation of strategy, policy and operations generally.

As a key element of its monitoring and supervising functions, the Board has recognised the importance of understanding the material risks and how they are being managed. Risk management is never a finite task and cannot be considered complete at any point in time. The Board therefore regards the building of a risk-aware culture within Adelaide PHN broadly to be critical to the successful discharge of its responsibilities in this arena.

3.21 Board Committees

Committees are an important part of the monitoring role of the Board, as much of the detailed discussion on key monitoring issues (such as financial management) occurs within committees of the Board. The committees of the Board operate as advisory bodies only, providing advice and assistance to the Board and only making decisions on behalf of the Board if expressly delegated and directed by the Board to do so in relation to specified matters.

The Board will be supported by the following Committees:

- (a) Governance & Remuneration Committee;
- (b) Finance, Audit and Risk Committee;
- (c) Commissioning Oversight Committee; and
- (d) Board Selection Committee.

Directors are appointed to each Committee by the Board. Each Committee is overseen by a Chair appointed by the Board (or by the Committee if not appointed by the Board). The Chair of each Committee has an additional responsibility in the governance process, including reporting back to the Board with the outcomes of the Committee meetings, ensuring they manage their work flows effectively and efficiently, and raising any issues raised with them by Committee members with the Board Chair, and this is also reflected in a slightly higher remuneration.

3.22 Annual Board Calendar

In order to assist the Board in managing the many regular obligations it has at law or as a result of its own policy decisions, or legal agreements or industry standards, the Board has adopted the use of an annual board

calendar. This calendar is approved annually in advance by the Board to ensure that matters for consideration by the Board throughout the year are tracked and scheduled on the Board's agenda for consideration / discussion as required.

3.23 Working with and through the Chief Executive Officer

The Board's role, so far as that relates to the Board's function for forging a strong and productive mutually trusting working relationship with the Chief Executive Officer for the benefit of Adelaide PHN requires:

- (a) openness and honesty in all matters is encouraged between the Board and Chief Executive Officer;
- (b) the relationship to be fostered between meetings through the working relationship between Chairperson and Chief Executive Officer;
- (c) clear written terms of appointment, position, description and delegations for the Chief Executive Officer;
- (d) agreeing annual KPIs for Chief Executive Officer performance;
- (e) annual Chief Executive Officer performance reviews are conducted by the Board against position description and agreed KPIs;
- (f) regular ongoing reporting by the Chief Executive Officer to the Board in a form which is meaningful and relevant; and
- (g) a Chief Executive Officer succession plan is in place.

3.24 Chief Executive Officer Role Authorities Responsibilities and Delegations

The Board recognises that the most important relationship it has for the good governance and operation of Adelaide PHN is the relationship with the Chief Executive Officer as the executive head of Adelaide PHN. The Chief Executive Officer has the authority of the Board to lead and run the operations of Adelaide PHN on a day-to-day basis as detailed in the Chief Executive Officer's role description. The delegations and limits of authority of the Chief Executive Officer set out in the Statement of Matters Reserved to the Board should be reviewed annually by the Board.

3.25 Chief Executive Officer Performance Evaluation

The Board has committed to a process for the evaluation of the Board's effectiveness with a view to continuous improvement of the Board and its governance arrangements. The same philosophy underpins the Board's approach to the conduct of Chief Executive Officer performance evaluations. Evaluations will be conducted annually as part of the accountability of the Chief Executive Officer to the Board (and the Board to the members). With a view to supporting the continual professional development and performance of the Chief Executive Officer, the Board has adopted a Chief Executive Officer Performance Evaluation Policy.

4. Terms used in this Governance Charter

ACNC Act means *Australian Charities and Not-for-profits Commission Act 2012* (Cth).

Board means board of Directors of Adelaide PHN.

Chief Executive Officer means the Chief Executive Officer appointed by the Board from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a person appointed to the Board.

Governance Charter means this charter as amended from time to time adopted by the Board setting out the governance arrangements and policy of Adelaide PHN.

KPI means key performance indicator.

5. Index of Associated Policies

Board Performance Evaluation Policy

Board Professional Development Policy

Chief Executive Officer Performance Management Policy

Code of Conduct Policy

Conflict of Interest Policy - Board

Director Remuneration Policy