

# Induction and education

## (6) Basic requirements of good governance

### Guidance note for boards of major DELWP agencies

This guidance note is for use by board members of the over 100 major public entities and other statutory boards, committees, councils, panels, etc. in the Department of Environment, Land, Water and Planning (DELWP) portfolio, including large (category 1 and 2) committees of management of crown land reserves.

### Overview

As a board member, you are part of your agency's governing body. Your role includes ensuring that:

- the agency's functions are fulfilled effectively
- the agency's governance framework is complied with
- your own conduct is consistent with the required standards for public sector board members.

### On Board

To assist you in your role, it is recommended that you read the guidance materials in the [Induction and education](#) support module on DELWP's governance website, On Board ([www.delwp.vic.gov.au/onboard](http://www.delwp.vic.gov.au/onboard)).

These guidance notes are suitable for both:

- new board members
- existing board members looking to keep up to date with governance obligations and good practice.

### Functions of the agency

Your agency's purpose, functions, and powers are set out in its establishing Act (or terms of reference).

As a board member, you must ensure that your agency's functions are being properly fulfilled.

The board is accountable to the responsible minister for the performance of the agency.<sup>1</sup>

### Governance framework

The laws, government policies and other obligations that bind your agency are known as its 'governance framework'. Typically, these include:

- your agency's establishing Act (or terms of reference)
- the *Public Administration Act* 2004 (**PAA**) and related codes (e.g. [Directors' Code of Conduct](#) and [Code of Conduct for Victorian Public Sector Employees](#)), which set the standard of conduct for Victoria's public sector
- government policies, which must be adhered to
- key documents that your agency is required by law to develop and implement (e.g. strategic plan, annual business plan)
- annual reporting obligations
- financial and risk management obligations
- ministerial guidelines, directions, and statements of obligation or expectation

---

<sup>1</sup> For example, see section 85 of the PAA.

- laws that apply to the Victorian public sector (e.g. freedom of information)
- other laws and obligations.

### Standards of conduct

Your conduct as a board member must be in accordance with the required standards of conduct. The overarching requirement is to act and make decisions in the **public interest**. It is recommended that you read:

- DELWP's 'overview' guidance notes (e.g. Conflict of interest). These are available from the [Induction and education](#) support module on DELWP's governance website, On Board ([www.delwp.vic.gov.au/onboard](http://www.delwp.vic.gov.au/onboard)).
- the [Directors' Code of Conduct](#) issued by the Public Sector Standards Commissioner. This binding code sets out how to act consistently with the public sector values in s 7 of the PAA. By following the code, you will also comply with the general duties of directors (board members) in s 79 of the PAA.

\*\*\*\*\*

**The following are some key aspects of being a board member that you should familiarise yourself with and act in accordance with:**

### Appointment and tenure

You should familiarise yourself with the basics of your appointment and conditions of tenure, for example:

- your instrument of appointment (the document appointing you as a board member). It includes terms and conditions of your appointment – e.g. duration of appointment; remuneration (if any) and eligibility for reimbursement of expenses
- performance expectations and assessment
- the process required by law if you decide to tender your resignation - an email will not do!
- what you must do if you decide to stand for election to parliament or a local council (DELWP has a guidance note on this topic in the [Terms and conditions of appointment](#) support module).

You may also wish to familiarise yourself with:

- the recommended induction [program and kit](#)
- succession planning and reappointment
- breach of duty
- indemnities and insurance.

### Roles and relationships

To be an effective board member, you need to understand the roles of:

- Parliament, the minister and DELWP
- the board (collectively and individually)
- the chair or convenor
- the CEO or managing director of the agency (or the DELWP executive officer)
- other key stakeholders (e.g. 'watchdog' agencies such as the Victorian Ombudsman and the Victorian Auditor-General).

### Section 13A of the PAA

The Secretary of a department **oversees** and **supports** the agencies in its portfolio on behalf of the responsible minister. You should understand the legal obligations in section 13A of the PAA, which states that:

- the Secretary of DELWP is responsible for:
  - advising the minister on matters relating to each public entity, including 'the discharge by the public entity of its responsibilities' under its establishing Act, the PAA, and any other relevant Act; and
  - 'working with and providing guidance to' a public entity on matters relating to 'public administration and governance'.
- a public entity (unless prohibited by law) must provide the Secretary with *any information* that he or she requires to comply with his/her obligations under section 13A.

Note that section 13A does not give the Secretary power to direct or control how a public entity performs the functions conferred by its establishing Act, the PAA, or any other Acts.

### Over-arching obligations and good practice requirements

Over-arching obligations and good practice requirements require that your board:

- act in accordance with its collective accountability to the minister
- ensure that all of its actions and decisions are consistent with the agency's functions and powers
- make decisions in the public interest
- inform the minister and the Secretary of DELWP of all known major risks to the effective operation of the agency (including emerging risks) and of the systems that are in place to address those risks
- unless prohibited from doing so by law, provide the minister and DELWP, in its role as an 'extension of the minister', with any information about the agency and its operations that is requested.

### Essential board policies

As a board member, you should ensure that:

- your agency has the required board policies in place
- these policies are updated regularly
- you comply with these policies at all times.

Essential board policies under section 81 of the PAA are:

- [Board meetings and decision-making](#)
- [Code of conduct](#)
- [Conflict of interest](#)
- [Dispute resolution](#)
- [Gifts, benefits, and hospitality](#)
- [Performance assessment](#).

### Model policies

DELWP offers model policies on each of the above topics (available from [On Board](#)). Your board's policies should be consistent with these model policies.

If your agency's establishing Act or terms of reference contain specific requirements in relation to any of these topics, your board will need to adapt the relevant model policy accordingly.

### Board meetings and decisions

You must understand the requirements for the conduct of board meetings (e.g. conflicts of interest, quorum, minutes, confidentiality). In particular, understand:

- the requirements for ensuring that the board's decisions are both **valid** and in the **public interest**
- the accountability of each board member for every decision that the board makes.

DELWP offers a support module on [Meetings and decisions](#) with a model policy, guidance note, etc.

### Delegations and subcommittees

It is important to check whether your board can delegate any of its decision-making powers and, if so, which ones and to whom. You also need to understand how subcommittees operate and the limits of their role (e.g. is there any legal power for your board to delegate certain decisions to certain members of a subcommittee?).

### Strategic and business planning

You must understand the strategic and business planning requirements that apply to your agency, for example:

- strategic/corporate plans (medium to long term)
- annual/business plans (short term).

### Performance monitoring and reporting

You must understand your board's performance monitoring and reporting obligations, for example:

- [annual reporting](#) obligations (e.g. does your agency submit an annual report that is reported or tabled in Parliament under the Financial Management Act?)
- risk management obligations
- other performance monitoring and reporting obligations.

### Employment of staff

If your agency employs staff, key requirements are:

- all staff must be treated in accordance with the public sector employment principles in section 8 of the PAA
- all staff must comply with the [Code of Conduct for Victorian Public Sector Employees](#).

## Further information

This guidance note is available from the [Induction and education](#) support module on On Board.

Guidance on other key governance topics is also available from On Board ([www.delwp.vic.gov.au/onboard](http://www.delwp.vic.gov.au/onboard)).

For small voluntary (category 3) committees of management go to [www.delwp.vic.gov.au/committees](http://www.delwp.vic.gov.au/committees).

DELWP also offers support to its agencies through DELWP divisions and regional offices. Please contact your agency's usual DELWP relationship manager or team or phone the Customer Service Centre on 136 186

---

This document is available from the internet at [www.delwp.vic.gov.au/onboard](http://www.delwp.vic.gov.au/onboard)

For more information contact the DELWP Customer Service Centre 136 186

20 September 2016 (version 2.06) – 1.24

© State of Victoria Department of Environment, Land, Water and Planning 2015

ISBN 978-1-74287-744-0 (online - set)

 This work is licensed under a [Creative Commons Attribution 4.0 International licence](http://creativecommons.org/licenses/by/4.0/). To view a copy of this licence, visit <http://creativecommons.org/licenses/by/4.0/>

**Disclaimer:** this publication may be of assistance to you but the State of Victoria and its employees do not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

**Accessibility:** if you would like to receive this publication in an alternative format, please telephone DELWP Customer Service Centre 136 186, email [customer.service@delwp.vic.gov.au](mailto:customer.service@delwp.vic.gov.au), via the National Relay Service on 133 677 [www.relayservice.com.au](http://www.relayservice.com.au). This document is also available on the internet at [www.delwp.vic.gov.au/onboard](http://www.delwp.vic.gov.au/onboard)