

A CHARTER FOR THE BOARD
BEST PRACTICE FOR FILM CENTRAL NORTH ISLAND
TRUSTEES

Accepted by the Board of Trustees at the Board Meeting of 24/07 2009

1. **Introduction**

Trustees are living and working in times when the focus on their duties and responsibilities, and on accountability for their performance, is intensifying. Therefore, the better the functions and operations of the board and its members are defined and understood, the more the scrutiny which they are increasingly undergoing will be satisfied.

To assist in this process the board should adopt a formal board charter, or terms of reference, setting out its roles and the conduct expected of them. The charter is not intended to be prescriptive. Its contents are illustrative only and should be modified to suit the particular governance procedures of the board.

The question of whether or not the charter should be disclosed to stakeholders, should be left to the board. Some boards may see disclosure as enhancing the standing of the organisation in the eyes of their stakeholders. On the other hand, others may regard the detail of the charter as a matter of internal board management alone and accordingly of interest solely within the organisation.

2.

Part 1 Interpretation

1.1 In this Charter:

“Act” means the Trustee Act;

“Board” means the board of trustees of the Trust;

“Business” means the business of the Trust;

“CEO” means the chief executive officer of the Trust;

“Chairman” means the chairman of the Board and is used in a gender neutral sense;

“Trust” means [FILM CENTRAL NORTH ISLAND Trust established under the Trust Deed];

“Organisation Goals” means the goals of the Trust as set out in Part 2;

“Members” means members of the Board;

“Stakeholders” means the stakeholders of Film Central North Island which includes the screen production industry and central and local government;

“Management” means the CEO or any staff member delegated by the CEO.

Part 2 Organisation Goals

2.1 The purpose of the Trust is to:

- (a) To encourage and facilitate artistic achievement in the greater Central North Island region screen production industry, by improving and developing the skill of, and opportunities for, people within the Central North Island region, for the general benefit of the public within the Central North Island region. The greater Central North Island region that is encompassed by the Trust is contained at Schedule 1 of this Deed.
- (b) To collaborate with any regional film office in New Zealand and the Film New Zealand trust to coordinate activities.;
- (c) To increase the opportunity for residents of the greater Central North Island region to be involved in screen production, and to be engaged in work related to screen production, and to maximise employment and enterprise opportunities for New Zealand individuals and organisations provided that this object so for the promotion of the public benefit and any benefit to private individuals or organisations is merely incidental.;
- (d) In every case, ensure there is close co-operation with the New Zealand Government, through Film New Zealand or any other relevant agencies, and the New Zealand screen production industry, for the general benefit of the Central North Island public.
- (e) To facilitate the dispersal of international training and the transfer of knowledge to the film community of the Central North Island region.

Part 3 Board Governance Process

3.1 **Role of the Board**

3.1.1 The role of the Board is to effectively represent, and promote the interests of the Stakeholders with a view to adding long-term value to the infrastructure of the screen production industry.

3.1.2 Having regard to its role the Board will direct and supervise the management of the business and affairs of the Trust including, in particular:

- ensuring that the Trust Goals are clearly established, and that strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from Management);
- establishing policies for strengthening the performance of the Trust including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its funding;
- monitoring the performance of Management;
- appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment with the Trust;
- deciding on whatever steps are necessary to protect the Trust's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Trust's financial statements are true and fair and otherwise conform with law;
- ensuring that the Trust adheres to high standards of ethics and behaviour; and
- ensuring that the Trust has appropriate risk management/regulatory compliance policies in place.

3.1.3 Except in extraordinary circumstances, day to day management of the Trust will be in the hands of Management.

3.1.4 The Board will satisfy itself that the Trust is achieving the Trust Goals.

3.2 **The Board's Relationship with Stakeholders**

- 3.2.1 The Board will use its best endeavours to familiarise itself with issues of concern to Stakeholders.
- 3.2.2 The Board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of Stakeholders and, if thought appropriate, request management to engage outside expert advice on these matters.

3.3 **Board Procedures**

- 3.3.1 The conduct of Members will be consistent with their duties and responsibilities to the Trust and, indirectly, to Stakeholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Members will always act within any limitations imposed by the Board on its activities.
- 3.3.2 Members will use their best endeavours to attend Board meetings and to prepare thoroughly. Members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table. Members unable to attend a meeting will advise the Chairman and CEO at an earlier date as possible.
- 3.3.3 A record of attendances will be reported in the Annual Report.
- 3.3.4 Board discussions will be open and constructive, recognising that genuinely-held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements the Board will decide the manner and timing of the publication of its decisions.
- 3.3.5 The Board has sole authority over its agenda and exercises this through the Chairman. Any Member may, through the Chairman, request the addition of an item to the agenda. The agenda will be set by the Chairman in consultation with the CEO.
- 3.3.6 The Board requires that the CEO attend all Board meetings; however the Board reserves the right to consider matters relating to

the CEO's performance, contract and remuneration *in camera* with out the CEO present.

3.3.7 The Board will normally hold meetings in accordance with the Trust Deed and at such times as it determines in addition to the Annual General Meeting. At each normal meeting the Board will consider:

- an operational report from the CEO;
- financial reports;
- report on the film activities in the Region
- specific proposals for capital expenditure and acquisitions;
- marketing reports;
- projects and opportunities for the Trust.

In addition the Board will, at intervals of not more than one year:

- review the Organisation Goals;
- review the strategies for achieving the Organisation Goals;
- approve the annual budget;
- approve the annual financial statements;
- approve the annual report;
- review the Board composition, structure and succession;
- review the Trust's audit requirements;
- review the CEO's performance and remuneration;
- review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements;
- review the Trust's code of conduct and ethical standards;
- review Stakeholder and client relations;

- review sponsorships; and
- settle the following year's work plan.

3.3.8 Members are entitled to have access, at all reasonable times, to all relevant trust information and to Management.

3.3.9 Members are expected to strictly observe the provisions of the Act applicable to the use and confidentiality of information.

3.3.10 In making policy the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded, and in reaching other specific decisions the Board will consider the policies against which the decisions are made.

3.4 Chairman and Deputy Chairman

3.4.1 Each term the Board will appoint from among the Members a Chairman and Deputy Chairman.

3.4.2 The Deputy Chairman will deputise for the Chairman in his or her absence or at his or her request.

3.4.3 The Chairman is responsible for representing the Board to Stakeholders.

3.4.4 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board as set out in this Part 3.

3.4.5 The Chairman is responsible for maintaining regular dialogue with the CEO over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern.

3.4.6 The Chairman will act as facilitator at meetings of the Board to ensure that no Member dominates discussion, that appropriate discussion takes place and that relevant opinion among Members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes.

3.5 Board Composition and Mix

3.5.1 The composition of the Board will reflect the duties and responsibilities it is to discharge and perform as representative of the interests of Stakeholders, and in setting the Trust's strategy and seeing that it is implemented.

3.5.2 Generally, the qualifications for Board membership are the ability and intelligence to make sensible decisions and recommendations, an entrepreneurial talent for contributing to the creation of Stakeholder value, the ability to see the wider picture, the ability to ask the hard questions, high ethical standards, sound practical sense, and a total commitment to furthering the interests of Stakeholders and the achievement of the Organisational Goals.

3.6 Induction of New Members

3.6.1 Potential Members are encouraged to carry out "due diligence" on the Trust before accepting an appointment to the Board.

3.6.2 On their first appointment Members will have the benefit of an induction programme aimed at deepening their understanding of the Trust and the business and the environment and markets in which the Trust operates. As part of the programme Members will receive a folder of essential Board and Trust information and will meet the CEO and staff.

3.6.3 Members will be asked to sign the Trustees Code of Conduct at the time of their appointment.

3.6.3 Members are expected to keep themselves abreast of changes and trends in the business and in the Trust's environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally and share their expertise with the Trust and the Management.

3.7 Provision of Business or Professional Services by Members

3.7.1 Because a conflict of interest (actual or perceived) may be created, Members should not, generally, provide business or professional services of an ongoing nature to the Trust.

3.7.2 Notwithstanding the general rule, the Trust is at liberty to:

- for the purpose of a special assignment, engage the services of any Member having special expertise in the particular field; or
- engage the services of another member of a Member's organisation

so long as the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

3.8 Independent Professional Advice

3.8.1 Any Member is entitled to obtain independent professional advice relating to the affairs of the Trust or to his or her other responsibilities as a Member.

3.8.2 If a Member considers such advice is necessary the Member shall first discuss it with the Chairman and, having done so, shall be free to proceed.

3.8.3 Subject to the prior approval of the Chairman, the cost of the advice will be reimbursed by the Trust but the Member will ensure, so far as is practicable, that the cost is reasonable.

3.9 Board and Member Evaluations

3.9.1 The Board will, each year, critically evaluate its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.

3.10 Indemnities and Insurance

3.10.1 The Trust will provide Members with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Members.

Part 4 Board-Management Relationship

4.1 Position of CEO

- 4.1.1 The Board will link the Trust's governance and management functions through the CEO.
- 4.1.2 All Board authority conferred on Management is delegated through the CEO so that the authority and accountability of Management is considered to be the authority and accountability of the CEO so far as the Board is concerned. The Board must agree to the levels of sub-delegation immediately below the CEO.
- 4.1.3 The Board will agree with the CEO to achieve specific results directed towards the Organisation Goals. This will usually take the form of an annual performance contract under which the CEO is authorised to make any decision and take any action within the Management Limitations, directed at achieving the Organisation Goals.
- 4.1.4 Between Board meetings the Chairman maintains an informal link between the Board and the CEO, expects to be kept informed by the CEO on all important matters, and is available to the CEO to provide counsel and advice where appropriate.
- 4.1.5 Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual Members, officers or committees are not binding except in those instances where specific authorisation is given by the Board.

4.2 **Accountability of CEO to Board**

- 4.2.1 The CEO, in association with the Chairman, is accountable to the Board for the achievement of the Organisation Goals and the CEO is accountable for the observance of the Management Limitations.
- 4.2.2 At each of its normal meetings the Board should expect to receive from or through the CEO:
 - the operational and other reports and proposals referred to in paragraph 3.3.6; and
 - such assurances as the Board considers necessary to confirm that the Management Limitations are being observed.

4.3 **Management Limitations**

- 4.3.1 The CEO is expected to act within all specific authorities delegated to him or her by the Board.

- 4.3.2 The CEO is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.
- 4.3.3 In allocating the capital and resources of the Trust the CEO is expected to adhere to the Organisation Goals.
- 4.3.4 The CEO is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term stakeholder value.
- 4.3.5 In securing funding the CEO is expected to not cause or permit any action that is likely to result in the Trust becoming financially embarrassed.
- 4.3.6 The assets of the Trust are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Trust must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Trust's external auditors. One of the tools used as a framework is an asset management plan for both on and off balance sheet assets. In managing the risks of the Trust, the CEO is expected to not cause or permit anyone to substitute their own risk preferences for those of the Stakeholders as a whole.
- 4.3.7 The CEO is expected to not permit employees and other parties working for the Trust to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.
- 4.3.8 The CEO is expected to not cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the business and are proportional to the extent that the contribution in question has furthered such purposes.