

BOARD CHARTER

1. INTRODUCTION

1.1 Background

- 1.1.1 The Australian Infrastructure Financing Facility for the Pacific (AIFFP) is a \$4 billion facility providing loans and guarantees (up to a cap of \$3 billion) and Official Development Assistance (ODA) grants (up to a cap of \$1 billion) to support priority infrastructure projects in the Pacific region and Timor-Leste, contributing to the region's long-term economic and regional stability.
- 1.1.2 The AIFFP is part of the Department of Foreign Affairs and Trade (DFAT).
- 1.1.3 The AIFFP is supported by Export Finance Australia for the administration of loans, guarantees and equity.

1.2 Function of the Board

- 1.2.1 The AIFFP Board's central function is to make formal recommendations on AIFFP projects to the Minister for Foreign Affairs (Foreign Minister). If called upon, the AIFFP Board may also provide advice on other matters relating to the AIFFP.
- 1.2.2 Decisions on the operations of the AIFFP are a matter for DFAT.

1.3 Purpose of the Board Charter

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

2. LEGAL AND COMPLIANCE ENVIRONMENT

- 2.1.1 The AIFFP utilises DFAT's legal, governance and compliance arrangements. AIFFP Board members and staff are required to comply with relevant DFAT legal, governance and compliance policies as appropriate.
- 2.1.2 DFAT is required to comply with requirements set out in the *Public Governance, Performance and Accountability Act 2013* (Cth). All Australian Public Service (APS) employees working on the AIFFP must comply with the requirements of the *Public Service Act 1999* (Cth).
- 2.1.3 Loans, guarantees or equity investments made on the National Interest Account (NIA) as part of AIFFP are required to comply with instruments such as the *Export Finance and Insurance Corporation Act 1991* (Cth) (Efic Act). The AIFFP Board will work with the Export Finance Australia Board in meeting all compliance requirements, including those under the Efic Act, when making recommendations to Ministers.
- 2.1.4 The AIFFP reviews and reports on its outcomes, performance and risk management to various committees. This includes the DFAT Executive Committee and the AIFFP Board, as required.

3. OPERATIONS OF THE AIFFP BOARD

3.1 3.1 Duties and responsibilities of the Board

A. Investment Mandate

- 3.1.1 The proposed infrastructure project should:
- I. be located in one or more countries in the Pacific Islands Forum region (excluding Australia and New Zealand) or in Timor-Leste;
 - II. demonstrate a broad public benefit and/or a transformative effect for the economic development of host countries;
 - III. reinforce Australia's relationships with partner countries to support a stable and prosperous region.

B. Consideration of AIFFP Projects

- 3.1.2 The AIFFP Board will make formal recommendations for investment decisions under the AIFFP to Government.
- 3.1.3 In making formal recommendations for investment decisions, the AIFFP Board:
- I. will be guided by the Investment Mandate;
 - II. may provide input to a proposed investment throughout its development, including prioritising proposed projects in accordance with the Investment Mandate, and in consultation with the AIFFP Chief Investment Officer and the Head of AIFFP (a DFAT Senior Executive Service officer; currently Assistant Secretary, AIFFP);
 - III. may request any information that it requires from any employee or contractor of the AIFFP;
 - IV. may request the AIFFP seek external advice, including making such advice available to the AIFFP Board in advance of or during AIFFP Board discussions;
 - V. may have regard to the implementation of existing projects under the AIFFP, including by being informed of implementation progress.
- 3.1.4 Notwithstanding the Board's role in providing recommendations, the Government retains the authority to commit to financing projects through the AIFFP and may do so without prior reference to the Board from time to time. If this occurs, the Board's role will be to provide advice to the Foreign Minister on the implementation of the investment, including the financing terms, infrastructure scope/design and implementation arrangements. That advice will be recorded in the minutes for the Board meeting.

C. Role and powers of the Board with respect to Loans

- 3.1.5 The AIFFP Board may make recommendations to the Foreign Minister in relation to a proposed loan under the AIFFP.
- 3.1.6 The AIFFP Board does not have decision making powers with respect to loans.

D. Role and powers of the Board with respect to Grants

- 3.1.7 The AIFFP Board may make recommendations to the Foreign Minister in relation to a proposed grant under the AIFFP.
- 3.1.8 The AIFFP Board does not have decision making powers with respect to grants (notwithstanding that individual DFAT officials sitting on the AIFFP Board may have delegated powers to approve the award of a grant or entry into a grant agreement). Decisions in relation to grants are to be made by the Foreign Minister, or through usual DFAT processes.

E. Other Matters

- 3.1.9 The AIFFP Board will monitor the financial position and performance of grants and loans under the AIFFP.
- 3.1.10 The AIFFP Board may provide advice on other matters relating to the AIFFP upon request by the Head of AIFFP.

3.2 Roles Within the Board

- 3.2.1 The AIFFP Board will be chaired by the Head of the Office of the Pacific.
- 3.2.2 The AIFFP Board will be made up of the Chair and SES Officers from DFAT and other Commonwealth agencies, and independent external appointee/s.
- 3.2.3 The AIFFP Board will aim for at least 40 per cent female and 40 per cent male representation and will take into account other diversity objectives of DFAT.
- 3.2.4 The AIFFP Board will include the following members:
 - 1. Chair – DFAT – Head, Office of the Pacific;
 - 2. Deputy Chair – DFAT – Associate Secretary, Trade Group;
 - 3. DFAT – Deputy Secretary, Development and Multilateral Group;
 - 4. DFAT – Deputy Secretary, Geostrategic Group;
 - 5. Department of the Prime Minister and Cabinet (PM&C) – Nominee (nominated by the PM&C Secretary);
 - 6. Department of the Treasury – Nominee (nominated by the Treasury Secretary);
 - 7. Department of Finance – Nominee (nominated by the Finance Secretary);
 - 8. Department of Defence – Nominee (nominated by the Defence Secretary);
 - 9. Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) – Nominee (nominated by the DITRDCA Secretary); and
 - 10. Independent external member/s x2 – (appointed by the Foreign Minister).

3.3 Appointment and Removal of Board Members

A. Appointment

- 3.3.1 The DFAT Secretary will appoint all DFAT AIFFP Board members, in consultation with the Foreign Minister. All DFAT Board members will be ex-officio.
- 3.3.2 AIFFP Board members from other Commonwealth entities will be nominated by their respective Secretaries. The DFAT Secretary will consult with the Foreign Minister on the appointments. The relevant Secretaries may also withdraw the nomination or notify of a change to the nomination, in writing.
- 3.3.3 The independent external member/s will be appointed by the Foreign Minister. The services required, time commitments and remuneration of independent external members will be as per the terms of their contracts.
- 3.3.4 All AIFFP Board members will be appointed for an initial period of twelve months. Following this, the term of all appointments will be determined by the DFAT Secretary.
- 3.3.5 The DFAT Secretary can review and alter the makeup of the AIFFP Board as required, in consultation with the Foreign Minister.

B. Ceasing Appointments

- 3.3.6 DFAT AIFFP Board members are appointed as ex-officio.
- 3.3.7 AIFFP Board members from other Commonwealth entities may be removed by their relevant Secretary, with written notification to DFAT. The DFAT Secretary may write to the relevant Secretary for Board members from other Commonwealth entities to recommend the removal

of a Board member. This may include where a nomination is no longer required from the relevant agency.

- 3.3.8 The Foreign Minister may remove an independent member of the AIFFP Board, including following the end of the member's term or on advice from the Chair of the AIFFP Board, in writing.
- 3.3.9 The DFAT Secretary and/or the Foreign Minister may have regard to the following factors in considering the removal of an AIFFP Board member(s):
- a. the required makeup of the AIFFP Board;
 - b. notification for resignation from AIFFP Board member(s);
 - c. for APS employees, any breaches or alleged breaches of the *Public Service Act 1999* or official's duties under the *Public Governance, Performance and Accountability Act 2013* (Cth);
 - d. for all AIFFP Board members, significant breaches of conduct (including non-compliance with conflict of interest and confidentiality policies), criminal proceedings currently before a court or tribunal, and any other relevant factors.

3.4 Chair

- 3.4.1 The Chair of the AIFFP Board ensures that the AIFFP Board functions in line with DFAT's Governance Rules and meeting procedures.
- 3.4.2 The Chair of the AIFFP Board may set the dates and frequency of AIFFP Board meetings, in consultation with the Head of AIFFP.
- 3.4.3 The Chair of the AIFFP Board will be responsible for:
- a. Managing the business of the AIFFP Board;
 - b. Delegating authority to the Deputy Chair where the Chair is unable to attend a meeting;
 - c. Briefing new AIFFP Board members on their roles and responsibilities;
 - d. Ensuring recommendations are aligned with the AIFFP Investment Mandate;
 - e. Assisting the AIFFP Board to reach agreement and clear outcomes on agenda items and failing this, to make the final recommendation/s, noting any variation from consensus;
 - f. Requesting the Head of AIFFP to arrange additional participants to advise the AIFFP Board meeting as required;
 - g. Promoting and maintaining linkages and liaison with other DFAT Departmental committee chairs and boards;
 - h. Referring any issues to the relevant DFAT Committee or Board where appropriate; and
 - i. Reporting on the activities of the AIFFP Board to the DFAT Senior Executive as required and as required to Ministers.

3.5 Board Members (including Chair and Deputy Chair)

- 3.5.1 AIFFP Board members are responsible for:
- a. Examining AIFFP Board papers prior to meetings and seeking advice from the AIFFP where necessary to aid their understanding of matters to be discussed;
 - b. Participating in AIFFP Board discussions and providing clear and unambiguous advice to the Chair on matters under consideration;
 - c. Seeking and representing the views of their respective division (if within DFAT) or department (if departmental representative) on matters under consideration. Independent members of the AIFFP Board are to provide independent views;
 - d. Contributing to contestability and to sound investment decisions by drawing on their personal experience, expertise and judgement;
 - e. Declaring all conflicts of interest prior to the consideration of an investment recommendation (see Conflicts of Interest section);
 - f. Reviewing and making recommendations to the Foreign Minister on the merits of a loan or grant application bearing in mind the Investment Mandate, assessments undertaken by

the AIFFP, or Export Finance Australia (in respect of lending proposals only), and may request other external advice as required;

- g. If requested, reviewing and making recommendations on whether a loan or grant application should proceed to a formal loan/grant assessment.

3.6 Rules and quorum

- 3.6.1 The Chair may appoint the Deputy Chair of the AIFFP Board as an Acting Chair in her/his absence.
- 3.6.2 The Chair may appoint additional members to the Board with the consensus of the AIFFP Board.
- 3.6.3 No decisions or recommendations shall be made by the AIFFP Board unless at least a quorum of members is present. A quorum shall comprise at least fifty percent of AIFFP Board members, including either the Chair or Deputy Chair.
- 3.6.4 Members are appointed based on their positions. To ensure continuity of AIFFP Board consideration, substitutes as a result of non-attendance should serve in the same position on an acting basis and/or at the request of the Member.
- 3.6.5 The Secretariat must be advised of non-attendance to AIFFP Board meetings as soon as practicable prior to the meeting.
- 3.6.6 In all cases when considering any matter the AIFFP Board must use its best endeavours to achieve consensus, but failing this, the Chair is the ultimate decision maker. The Chair should reflect dissenting/minority views in the recommendation to the Foreign Minister.
- 3.6.7 At the invitation of the Chair, advisers and observers may attend meetings and/or provide advice and input. The Chair may exclude them from time to time if it is considered that the AIFFP Board needs a closed session. Non-Chair members may request the Chair exclude advisers and observers. Non-Board members are not entitled to participate in AIFFP Board decisions or recommendations, although the Chair may seek their advice on the content of these.
- 3.6.8 The AIFFP Board may make recommendations only on matters that are listed on the agenda for that meeting, unless all members present agree otherwise. Other business can be raised for discussion at a meeting with the approval of the majority of members present.
- 3.6.9 The Secretariat must record attendance at each AIFFP Board meeting.
- 3.6.10 All attendees at AIFFP Board meetings must treat deliberations, decisions and recommendations by AIFFP Board members during those meetings in confidence.

3.7 Preparation for Board Meetings

- 3.7.1 Agendas and papers for AIFFP Board meetings will be prepared and circulated to all AIFFP Board members by the Secretariat at least five working days before each meeting.
- 3.7.2 Minutes shall be taken by the Secretariat at every AIFFP Board meeting. Minutes of meetings shall record any recommendations made by the AIFFP Board and reflect core aspects of the discussion, but should not purport to be a transcript of proceedings.
- 3.7.3 Draft Minutes and action items will be circulated to members and advisers for comment. The AIFFP Board will approve the minutes at the next AIFFP Board meeting or out of session if there is a delay in meeting.

3.8 Out-of-Session Items

- 3.8.1 All matters requiring discussion and/or recommendation by the AIFFP Board should be dealt with as part of a scheduled meeting. Urgent issues may be considered out-of-session, or through an ad hoc meeting, with the approval of the Chair in consultation with the Head of AIFFP.

3.8.2 Out-of-session items will be circulated to members by the Secretariat. An item will be considered endorsed if a majority of members respond in support of the item. Out-of-session items will be noted and minuted at the next available scheduled meeting.

3.9 Head of AIFFP and Chief Investment Officer

3.9.1 The AIFFP will be led by a DFAT SES officer as the Head of AIFFP. The Head of AIFFP will oversee the operations, staffing, policy, cross government engagement of the AIFFP, and engagement with external stakeholders and diplomatic partners.

3.9.2 The AIFFP Chief Investment Officer (a contracted position) will oversee the project pipeline, selection, analysis, recommendation, and implementation.

3.9.3 The AIFFP Chief Investment Officer will report to the Head of AIFFP.

3.9.4 Both positions will make themselves available to each AIFFP Board meeting to present on policy developments and the project pipeline of the Facility respectively.

3.10 Secretariat

3.10.1 The AIFFP will provide a Secretariat for the AIFFP Board, preparing formal documentation, including project proposals, for AIFFP Board recommendations.

3.10.2 The Secretariat will also provide updates to the AIFFP Board on future pipeline and the implementation of current projects, ensuring the AIFFP Board receives opportunities to consider projects before making formal decisions or recommendations.

3.10.3 The Secretariat will be responsible for ensuring projects recommended for consideration by the AIFFP Board have been informed by input from DFAT policy areas, Australian diplomatic missions and other Australian government entities including Export Finance Australia and any other technical experts as required, and that such input is clearly identified for the AIFFP Board.

3.10.4 Minutes of decisions and recommendations, and key discussion points will be kept for AIFFP Board meetings, prepared by the Secretariat.

3.10.5 The Secretariat will support the Chair of the AIFFP Board in carrying out his/her responsibilities as listed in 3.4.3, in consultation with the Chief Investment Officer and the Head of AIFFP as required.

3.11 Conflicts of interest

3.11.1 If a member of the AIFFP Board becomes aware of a potential, apparent or actual conflict of interest arising in their exercise of AIFFP functions, the participant must notify the Chair immediately and fully disclose all relevant information relating to such a conflict.

3.11.2 At the beginning of each meeting, the Chair will ask all meeting participants to declare any potential, apparent or actual conflict of interest.

3.11.3 Upon notification, the Chair shall determine what steps are reasonably required to resolve or otherwise deal with the conflict. Where required by the Chair, the member will be excused from the meeting or from the AIFFP Board's consideration of the relevant agenda item(s).

3.11.4 If the Chair becomes aware of a potential, apparent or actual conflict of interest arising in exercising their functions, the Chair must notify the Secretariat immediately and fully disclose all relevant information relating to such a conflict.

3.11.5 The AIFFP Secretariat will maintain a register of declared conflicts of interest.

3.12 Action Items

- 3.12.1 The Secretariat will maintain a list of action items arising as a result of each AIFFP Board meeting that clearly identify the members or AIFFP/DFAT officers accountable for implementation of the action item and timeframe for completion of the action item.
- 3.12.2 The Secretariat will maintain a register of outstanding action items and keep the AIFFP Board informed.
- 3.12.3 Individual members tasked with certain action items are responsible for advising the AIFFP Secretariat when those actions are complete so the register of actions can be updated.
- 3.12.4 Copies of meeting Minutes and the action items register will be made available to members, unless decided otherwise by the Chair.