



ACT
Government

Chief Minister, Treasury and
Economic Development

Investment Advisory Board

Terms of Reference

INVESTMENT ADVISORY BOARD

TERMS OF REFERENCE

Version Control

Version No.	Date	Comments	Approver
1	August 2000	Establishment of the Investment Advisory Board	Treasurer
2	October 2007	Renewed Purpose and Role of the Investment Advisory Board following an external “Review of Superannuation and Territory Banking Account Investments”	Treasurer
3	May 2014	Better practice review of the Governance Principles for the Investment Advisory Board.	Treasurer
4	July 2014	Directorate references amended to reflect new Administrative Arrangements dated 4 July 2014	Director, Asset Liability Management, Chief Minister, Treasury and Economic Development Directorate
5	August 2018	Align the ‘charter’ of the Investment Advisory Board with the ‘ <i>Governance Principles Appointments, Boards and Committees in the ACT</i> ’ Handbook	Director, Asset Liability Management, Chief Minister, Treasury and Economic Development Directorate

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Introduction

The Investment Advisory Board (“Board”) is established to advise the Chief Minister, Treasury and Economic Development Directorate (“CMTEDD”) on the financial investment assets managed by CMTEDD including the Territory Banking Account (“TBA”) and the Superannuation Provision Account (“SPA”) and financial investments made through the centralised Treasury investment platform.

Role of the Investment Advisory Board

The Board will provide advice to CMTEDD on aspects of financial investment policy and its implementation including:

- investment objectives;
- strategic asset allocation;
- investment strategies, including acceptable risk/return trade-offs;
- investment configuration;
- tactical asset allocation / rebalancing policy;
- responsible investment principles and practices;
- share voting; and
- investment governance issues.

Responsibilities of the Investment Advisory Board

The Board provides:

- an additional source of advice and views in relation to investment strategies and policies in order to achieve the Government’s stated objectives and targets; and
- an additional level of governance, support and reassurance to CMTEDD.

Such advice will have regard for and consideration of the *Financial Management Act 1996* and the *Territory Superannuation Provision Protection Act 2000*.

Powers of the Board

The Board’s role is advisory only and is not established under any specific legislation. It is a non-statutory Board.

Membership

Board membership will comprise up to three external independent members being a Chair and up to two other Members.

Appointment Process

The Board appointment process is to be conducted in accordance with the *‘Governance Principles Appointments. Boards and Committees in the ACT’ Handbook* (“Board Appointment Handbook”).

Appointments will be made following a full merit selection process involving the public advertising for applications (including via the ACT Diversity Register) and convening a selection panel.

Networking will also be used to identify potential candidates, for example through:

- ACT Diversity Register;
- ACT Government Nominations for Boards Registers;
- self-nominations;
- nominations from Board members;
- professional associations;
- peer or superannuation/investment funds; and
- CMTEDD staff contacts.

Selection processes should be structured in a way that seeks to identify appropriate candidates in line with the Government’s diversity and representation objectives:

- achieving 50% representation of women on its boards and committees;
- encouraging greater participation of Aboriginal and Torres Strait Islander people, people from culturally and linguistically diverse backgrounds and people with a disability; and
- promoting representation from a broad cross section of the community, including community organisations.

The Treasurer is responsible for the appointment of members of the Board and is required to seek the Cabinet’s endorsement of Board appointees. There is no requirement for Board appointments to be referred to a relevant Assembly Standing Committee.

TERM OF APPOINTMENT

The Chair and Members will be appointed for a term (not exceeding 3-years – the “appointment term”) determined by the Treasurer and commencing on the date of Treasurer approval.

The Treasurer may, at any time, end the appointment of the Chair or any Member or all Members for any reason.

A Member (including Chair) is appointed on the terms and conditions set out in the appointment document and this document.

There is no restriction on a Member being reappointed for further appointment terms subject to the completion of a Board membership review process as set out in the Board Appointment Handbook.

Appointments must not be made or re-made for a period of more than two full-terms (where appointed for a 3-year term) or a maximum of six years.

A Chair or Member may resign by signed notice given to the Treasurer.

Expertise

The skills and experience required for Board members are particularly specialised. It is desirable for the skill set across the Board to include experience with:

- investment portfolio management;
- development and implementation of investment strategy;
- responsible investment principles and practices; and
- investment governance and administration.

It is also desirable for the Board to include persons who have:

- previous or current Board membership within the superannuation or finance industry; and
- relevant finance/investment related qualifications and/or experience.

Operation of the Board

Role of the Chair

The role of the Chair is to provide leadership for the Board and to ensure efficient organisation and conduct of the Board's deliberations and other functions. The Chair is responsible for ensuring active participation by the members. The Chair will promote constructive and respectful relations between the members and management.

The Chair shall preside at all meetings of the Board at which he or she is present.

Where the Chair is absent from a meeting a Member of the Board chosen by those present shall preside at the meeting.

Board Advice Process

The Board will meet as needed, but at least on a quarterly basis per year.

At a meeting, two present Members of the Board constitute a quorum.

The Under Treasurer may attend meetings of the Board and in the Under Treasurer's absence his or her nominee may attend.

A member of the Board who has a direct or indirect pecuniary or personal interest in a matter under consideration by the Board—

- must disclose the nature of the interest to the Board; and
- must not take part in any deliberations or advice of the Board on the matter.

CMTEDD officials will prepare papers for the Board’s consideration and advice. Board papers will be structured to include, where relevant, the following—

- background of the issue;
- CMTEDD’s preliminary position/opinion;
- asset consultants advice;
- other supporting analysis where appropriate; and
- details of advice sought.

The Board must record its advice in the minutes of its meetings.

CMTEDD will consider the advice of the Board. Final communications to the Under Treasurer and/or Treasurer will present recommendations in the context of the advice provided by the Board (whether accepted or rejected).

Remuneration

The Remuneration Tribunal is established under the *Remuneration Tribunal Act 1995* to inquire into and determine the remuneration, allowances paid and other entitlements to be granted to a wide range of full-time and part-time public offices, including part-time members of statutory and non-statutory boards and committees.

Board Members are remunerated as Part-time Public Office Holders in accordance with the relevant Australian Capital Territory Remuneration Tribunal Determination.

References/Links

Governance Principles Appointments. Boards and Committees in the ACT Handbook:
https://www.cmtedd.act.gov.au/_data/assets/pdf_file/0004/1045984/Governance-Principles-2017-FINAL.pdf

Diversity Register:
<https://www.diversityregister.act.gov.au/s/>

Remuneration Tribunal:
<https://www.remunerationtribunal.act.gov.au/>

Whole of Government Appointments Register:
<http://inactgov/sites/whogreporting/AppointmentsRegister/SitePages/Home.aspx>