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## **GOVERNMENT SUPERANNUATION FUND AUTHORITY**

### **CORPORATE GOVERNANCE STATEMENT**

The Government Superannuation Fund Authority (**Authority**) was established under the Government Superannuation Fund Act 1956 (**GSF Act**) to manage and administer the Government Superannuation Fund (**Fund**) and the schemes in accordance with the GSF Act.

The Board is the governing body of the Authority, with the full capacity to exercise the powers and perform the functions of the Authority. Provisions affecting the Authority's governance are set out in the GSF Act and the Crown Entities Act 2004 (**CE Act**).

The Board's Corporate Governance Statement incorporates requirements set out in the GSF Act, the CE Act and other legislation and regulation, and other policy requirements and practices developed by the Board.

### **GENERAL**

1. The Authority manages and administers the Fund and the schemes in accordance with the GSF Act, the CE Act and all other relevant legislation and regulation.
2. The Authority invests the Fund on a prudent, commercial basis and, in doing so, manages and administers the Fund in a manner consistent with:
  - best-practice portfolio management; and
  - maximising return without undue risk to the Fund as a whole; and
  - avoiding prejudice to New Zealand's reputation as a responsible member of the world community.
3. The Board ensures the Authority:
  - acts in a manner consistent with its objectives, functions, current statement of intent, and Statement of Performance Expectations;
  - performs its functions efficiently and effectively and in a manner consistent with the spirit of service to the public;
  - operates in a financially responsible manner and, for this purpose:
    - o prudently manages its assets and liabilities; and
    - o endeavours to ensure its long-term financial viability; and that it acts as a successful going concern; and
    - o complies with the CE Act in relation to subsidiaries and other interests.

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4. Board members must:
  - not contravene, or cause the contravention of, or agree to the Authority contravening, the CE Act or the GSF Act;
  - when acting as a member, act with honesty and integrity;
  - when acting as a member, act in good faith and not pursue their own interests at the expense of the Authority's interests;
  - when acting as a member, exercise the care, diligence, and skill that a reasonable person would exercise in the same circumstances, taking into account (without limitation)–
    - o the nature of the Authority; and
    - o the nature of the action; and
    - o the Board member's position and the nature of their responsibilities.
  
5. A Board member, who has information in their capacity as a member that would not otherwise be available to them, must not disclose that information to any person, or make use of, or act on, that information except–
  - in the performance of the Authority's functions; or
  - as required or permitted by law; or
  - in complying with the requirements for members to disclose interests.

A member may disclose, make use of, or act on the information if–

  - the member is first authorised to do so by the Board; and
  - the disclosure, use, or act in question will not, or will be unlikely to, prejudice the Authority.

Board members will continue to be bound by this obligation of confidentiality after they cease to be Board members.
  
6. The Authority's obligations with respect to the Fund and the schemes are supported by business planning, business risk assessment, management reporting, and arrangements for audit, internal control and compliance, all conducted on a regular basis.
  
7. The Authority's appointments and delegations are in writing and in accordance with the CE Act. The Authority regularly reviews its own activities and the activities of Management, to ensure that clear and proper sets of accountabilities remain in effect, delegations are properly implemented and reporting is comprehensive.
  
8. The Board reviews its own performance annually and at all times aims to achieve good-practice.

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9. The Board has established a risk management programme. The Board is advised on matters of risk management by the Audit and Risk Review Committee.
10. The Board has established policies and procedures for Board members' expenditure.

#### **DISCLOSURE OF INTEREST**

11. A Board member, who is interested in a matter relating to the Authority, must disclose details of the interest as soon as practicable after the member becomes aware that they are interested.
12. A general notice of an interest in a matter relating to the Authority, or in a matter that may in future relate to the Authority, is a standing disclosure of that interest for the purposes of the CE Act. Board members can make Disclosure of Interests Statements for this purpose.
13. A Board member is required to update their Disclosure of Interests Statement if the nature of the interest materially alters or the extent of the interest materially increases.
14. Except as specifically provided under the GSF Act a Board member, who is interested in a matter relating to the Authority:
  - must not vote or take part in any discussion or decision of the Board or any committee relating to the matter, or otherwise participate in any activity of the Authority that relates to the matter; and
  - must not sign any document relating to the entry into a transaction or initiation of the matter; and
  - is to be disregarded for the purpose of forming a quorum for that part of a meeting of the Board or committee during which a discussion or decision relating to the matter occurs or is made.

These provisions do not apply to a person who is interested in a matter only because he or she is a member of Annuitas Management Limited, a joint venture with the Board of Trustees of the National Provident Fund.

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## COMMITTEES

15. The Board has established two committees to advise it on matters relating to the Authority's functions and powers and to perform and exercise the functions and powers of the Board delegated to each committee, as applicable. Committees have written terms of reference and ensure that their activities remain consistent with the CE Act. The two committees are:
- Audit and Risk Review Committee
  - Investment Committee

The Board convenes special purpose committees as appropriate. Special purpose committees are temporary committees and have specific delegations in place of a terms of reference. Special committees are dissolved following completion of the specific delegations.

16. Each committee reviews its performance annually and is also reviewed by the Board.

## MEETINGS AND AGENDA

17. The Board meets regularly and ensures that it receives appropriate and reliable reporting on the Fund and the schemes and the actions of its Management and other service providers.
18. The Board's agenda is initiated by the Chief Executive, in consultation with the Chairman, on behalf of Board members. Any Board member may require a matter to be brought before the Board at its next or any subsequent meeting.

## FINANCIAL MANAGEMENT FRAMEWORK

19. The Authority is accountable to the Minister of Finance and must comply with the CE Act, the GSF Act, the Public Finance Act 1989, relevant provisions of the Superannuation Schemes Act 1989 and other legislation. The CE Act and the GSF Act require the Authority to prepare annual financial statements for the Authority and the Fund.
20. The Authority is required by the Public Finance Act, the CE Act and the GSF Act to prepare a Statement of Intent (**SOI**) every four years in relation to the Authority and the Fund. The SOI includes forecast financial statements for the Authority and the Fund. In the intervening years a Statement of Performance Expectations (SPE) is published. The Authority also prepares a detailed operating expense budget for its own activities. Financial results are reported regularly to the Board against these forecasts and budgets.

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21. Reporting requirements under the CE Act and the GSF Act include matters to be covered in the SOI, the Public Finance Act, the Statement of Investment Policies, Standards and Procedures and reporting to the Minister.

#### **EXTERNAL AUDITOR**

22. The Auditor-General is the auditor of the Authority and the Fund. The Auditor-General, in turn, appoints an external, independent party to conduct the audit. The Board agrees a written brief with the Auditor in respect of the annual audits and ensures that all advice from the Auditor-General is given due consideration, which is documented through committee or Board minutes.

#### **MONITORING SERVICE PROVIDERS**

23. The Board regularly considers the resources required for the effective and proper management of the Fund and the administration of the schemes and acts to ensure that resources available to the Authority align with these requirements. The Board aims to use resources of appropriate quality and capacity for its needs, at a reasonable cost. The Board ensures that comprehensive service level agreements are entered into with each external service provider which specify reporting and compliance standards.
24. The Board has a systematic compliance programme with its service providers and any breaches of compliance are reported to the Board as these occur.
25. The Board requires service providers to review all information and reports for accuracy before providing them to the Board. Service providers must also review information and reports received before using them in providing services to the Board.
26. The Board aims to ensure effective communication and working relationships between all service providers.