

Board Governance Manual

1) Purpose

This Board Governance Charter “the **Charter**” sets out the functions, duties and responsibilities of AgriFutures Australia’s Board and those delegated to management to ensure effective operation of both the Board and Management and facilitates and supports sound governance, compliance and accountability.

2) Background

The Board is responsible for establishing the overall governance, compliance and accountability structure to be followed in the conduct of the affairs of AgriFutures Australia. This includes compliance with:

- Ministerial directions under the *Primary Industries Research and Development Act 1989* (PIRD Act);
- general policies of the Commonwealth Government notified under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act);
- compliance activities under the Funding Agreement with the Commonwealth;
- to the directives issued to AgriFutures Australia by the Government.

The Board will also perform such other functions as are prescribed by law or reserved to the Board under AgriFutures Australia’s governing documents. The Board will report its anticipated performance through the Portfolio Budget Statement.

The Board is committed to fulfilling its duties to AgriFutures Australia, abiding by all relevant laws and regulations and providing employees with a safe and rewarding working environment. The Board will have consideration in its deliberations for the broader community, external and internal stakeholders, and industry partners.

3) Definitions and Acronyms

The following acronyms are used in this document:

Agreement	AgriFutures Australia’s Funding Agreement with the Commonwealth
AgriFutures Australia	Rural Industries Research and Development Corporation trading as AgriFutures Australia
AICD	Australian Institute of Company Directors
PBS	Portfolio Budget Statement
PIRD Act	Primary Industries Research and Development Act 1989
R&D	Research and Development
PGPA Act	Public Governance, Performance and Accountability Act 2013
RDE	Research, Development and Extension

4) Statutory Framework

The Board of AgriFutures Australia is responsible for ensuring AgriFutures Australia fulfills its statutory functions in a proper, efficient and effective manner, including by determining the objectives, strategies and policies to be followed by it.

a) *Primary Industries Research and Development Act 1989*

AgriFutures Australia is established as a statutory authority by section 9 of the *Primary Industries Research and Development Act 1989*. AgriFutures Australia may only conduct activities that are within the range of statutory functions outlined in section 11 of the PIRD Act and has the following powers and obligations:

- i) enter into contracts, join in the formation of a company, acquire and hold property, make applications for patents; accept gifts, etc (section 12)
- ii) develop, oversee and monitor R&D and operational plans (section 19)
- iii) provide the R&D plan to the Minister no later than two months before the intended date of commencement (section 20)
- iv) consult with the Minister, the representative organisations and any other person it considers necessary before varying an R&D plan (section 24)
- v) prepare an annual operational plan for each financial year (section 25)
- vi) the Chairperson must report annually to each representative organisation (section 29).

b) *Public Governance, Performance and Accountability Act 2013*

AgriFutures Australia and its Directors are also subject to the provisions of the PGPA Act. The duties of directors under the PGPA Act broadly include, but are not limited to:

- i) prepare an annual report and give it to the Minister by 15 October each year (section 46)
- ii) ensure that all relevant subsidiary's financial statements are audited by the Auditor-General (section 44)
- iii) prepare a budget estimate (Commonwealth Government Portfolio Budget Statement) for each financial year and for any other periods directed by the responsible Minister (section 36)
- iv) notify the Minister immediately of any proposals that relate to forming a company; participating in a partnership, trust, unincorporated joint venture or similar arrangement; acquire or dispose of a significant shareholding in a company; acquire or dispose of a significant business; commence or cease a significant business activity; or make a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement (section 19)
- v) keep the responsible Minister and the Finance Minister informed about the operations of AgriFutures Australia and its subsidiaries and to give the Finance

Minister such reports, documents and information about the operation of AgriFutures Australia as required (section 19)

- vi) keep proper accounting records and retain these records for at least seven years after completion of the transactions to which they relate (section 41);
- vii) abide by the general provisions of conduct of officers including disclosure of material personal interest (sections 25-28)
- viii) ensure compliance with any general policies of the Government as notified by the Minister (section 22)
- ix) establish and maintain an audit committee (section 45)
- x) review and monitor compliance activities required under the Funding Agreement with the Commonwealth.

c) ***Funding Agreement with the Commonwealth of Australia***

Australia's Rural Research and Development Corporations (RDCs) are the mechanism by which primary producers and the government co-invest in research and development for industry and community benefits and provide joint input to RDC priorities and planning processes.

Section 33(4) of the PIRD Act allows the Minister to enter into a funding agreement with an RDC. The Commonwealth and AgriFutures Australia have entered into a Funding Agreement (Agreement), which sets out expectations about AgriFutures Australia's performance, transparency and accountability to levy-payers, the government and to the public.

The Agreement also reflects the fact that cross-sectoral research and development challenges in Australia often affect multiple or all rural industries. The Agreement therefore recognises AgriFutures Australia's role in cooperative R&D and the system for coordination and priority-setting of the national rural R&D effort.

The Agreement further reflects AgriFutures Australia's unique role among the RDCs as the RDC responsible for supporting small industry, multi industry, cross-sectoral and national interest R&D for rural industries. To help achieve the objectives of these industry groups, AgriFutures Australia receives appropriation funding to facilitate investment that supports analysis of issues of importance to rural industries and investment that delivers benefits to these industry groups and the Australian community.

A summary of some key legislations relevant to AgriFutures Australia is provided at Attachment 1 and a more detailed list is found in AgriFutures Australia's Compliance Register.

5) **Planning and Accountability Framework**

The overarching planning document for AgriFutures Australia is its R&D 5 Year Plan ('the Plan'). The Plan outlines the strategies and priorities for the next five years and aligns our objectives and outcomes with the priorities and objectives of government and our key

stakeholders. The Plan is supported by an Annual Operational Plan, other key planning and governance documents, and a series of program (or industry) five year or three year RDE plans.

AgriFutures Australia investments are primarily guided by the program and evaluation frameworks, both of which have been developed in close consultation with our key research providers and stakeholders and ensure a high level of transparency and accountability.

The annual report is the documented assessment on how AgriFutures Australia has performed in the previous financial year against performance objectives and targets and those of the government.

Table 1: Summary of Key AgriFutures Australia Planning and Accountability Documents

Document name	Purpose	Approval Process
R&D Plan	Sets out the high-level goals, strategies and performance measures for a five year period and outlines how AgriFutures Australia meets the government's national and rural research priorities.	R&D Plan approved by Board in line with Accountable Authority Instructions and is then submitted to the Minister for approval. The R&D Plan is reviewed each year by the Board at the first Board meeting of the new financial year.
AgriFutures Australia Annual Report	Reports to Government through the Minister on the performance of the past year and must include an Annual Performance Statement as required under the PGPA Act.	Annual Report approved by Board in line with Accountable Authority Instructions and is then submitted to the Minister for tabling in the Parliament in October.
Annual Operational Plan	Specifies objectives and resources for the forward year aligned to key research priorities. Includes the annual AgriFutures Australia operating budget.	Annual Operational Plan is approved by Board in line with Accountable Authority Instructions and submitted to the Minister prior to the 1 st July each year.
Portfolio Budget Statement (PBS)	Provides information to Parliament on proposed allocation of resources for the coming year including financial arrangements, allots expenditure against activities and outcomes.	AgriFutures Australia presents its budget to the Department of Agriculture for inclusion in their PBS. The PBS is usually finalised in May, prior to the Federal Budget.
Compliance Assurance Report and Certification	Outlines the requirements for compliance under the PIRD Act and the Agreement and must include a statement from an independent auditor and certification from the Board.	The Compliance Assurance Report and Certification is approved by Board as required under the Agreement by the 30 th of November each year.
Program five-year and three-year RDE plans	These identify program and government RDE priorities and strategies to achieve them.	Each program plan is approved by the Board and copies of all plans are located on the AgriFutures Australia website.

Document name	Purpose	Approval Process
Science & Research Priorities and Rural RD&E Priorities	The government's strategic research priorities and rural RD&E outline current critical RDE investment needs for the agricultural, fisheries, forestry and food industry.	AgriFutures Australia reports against these priorities through its R&D Plan, annual operational plan and annual report.

6) About AgriFutures Australia

a) Vision

AgriFutures Australia's vision is to "grow the long-term prosperity of Australian rural industries".

b) Outcome

AgriFutures Australia's outcome is for "Increased knowledge that fosters sustainable, productive and profitable new and existing rural industries and furthers understanding of national rural issues through research and development in government-industry partnership".

c) Values

In delivering on our mission, AgriFutures Australia has the following key values for staff to abide by:

- i) ***Connected*** – We are committed to remaining relevant to our industries, communities and stakeholders. We will do this by creating connections and opportunities for our organisation and our stakeholders
- ii) ***Future Thinking*** – We will think about tomorrow, every day. We will position ourselves at the forefront of information so we are on the cutting edge of decision being made about our industries future
- iii) ***Positive*** – We are committed to making a positive contribution, every day. Our positivity will flow through the core of our organisation and will enhance the industries, communities and stakeholders that we are a part of
- iv) ***Real*** – We are honest and transparent. We stand by our word and deliver against our commitments. We celebrate our successes and take ownership of our flaws.

7) Board Structure

a) Number of Directors

The Board consists of:

- seven non-executive Directors including a Chairperson; and
- one executive Director (the Managing Director)

b) Appointment and Termination of Directors

The Directors of AgriFutures Australia, other than the Managing Director, are appointed by the Minister for a term of three years. Directors are eligible for re-appointment upon completion of each three year term in office.

The Minister has the authority to replace any director that resigns or retires from directorship. Any such appointee shall hold office for the balance of the term of the retiring Director.

The Chairperson and Deputy Chairperson are appointed by, and can be terminated by, the Minister. The Board Chairperson will recommend to the Minister a director for appointment as the Deputy Chairperson.

The Managing Director is appointed by AgriFutures Australia on such terms as determined by AgriFutures Australia.

c) Leave of absence

Under sections 71 and 82 of the PIRD Act:

- i) The Minister may grant leave of absence to the Chairperson on such terms and conditions as the Minister considers appropriate; and
- ii) The Chairperson may grant leave of absence to:
 - o a nominated Director on such terms and conditions as the Chairperson considers appropriate; and
 - o the Executive Director on such terms and conditions as are determined by AgriFutures Australia.

d) Board Committees and Working Parties

The Board will establish committees and working parties to support it in its work and will ensure that these do not conflict with the Managing Director's delegated responsibilities.

Board Committees:

- i) will have a charter to define their role, life span, procedures, functions, and responsibilities; and
- ii) unless otherwise delegated, cannot make binding Board decisions or speak for the Board and only make recommendations to the Board.

The Board will establish and maintain an Audit Committee in line with the requirements of section 92 of the PGPA Act. The operations of the Audit Committee are guided by its Charter.

Committees and working parties generally may co-opt outside personnel from time to time in order to bring additional skills, experience or networks.

8) Governance Structure and Framework

a) Overarching Governance Framework

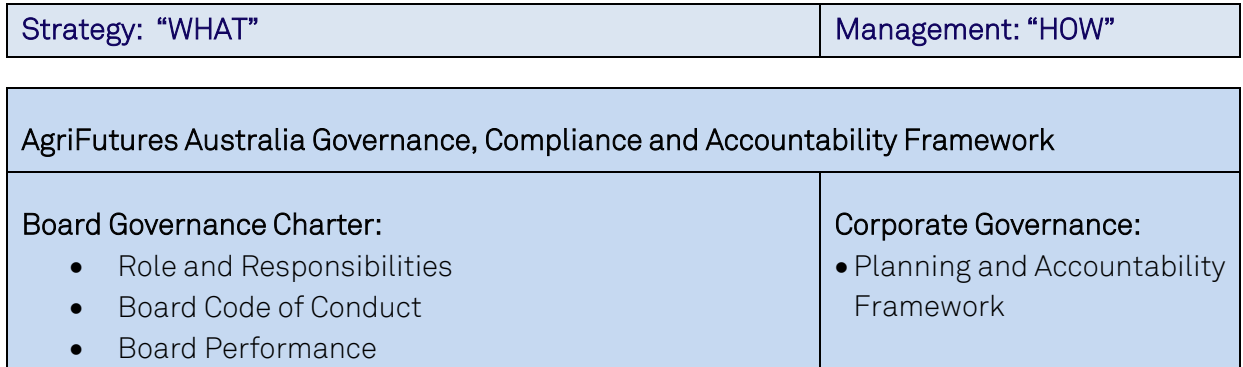
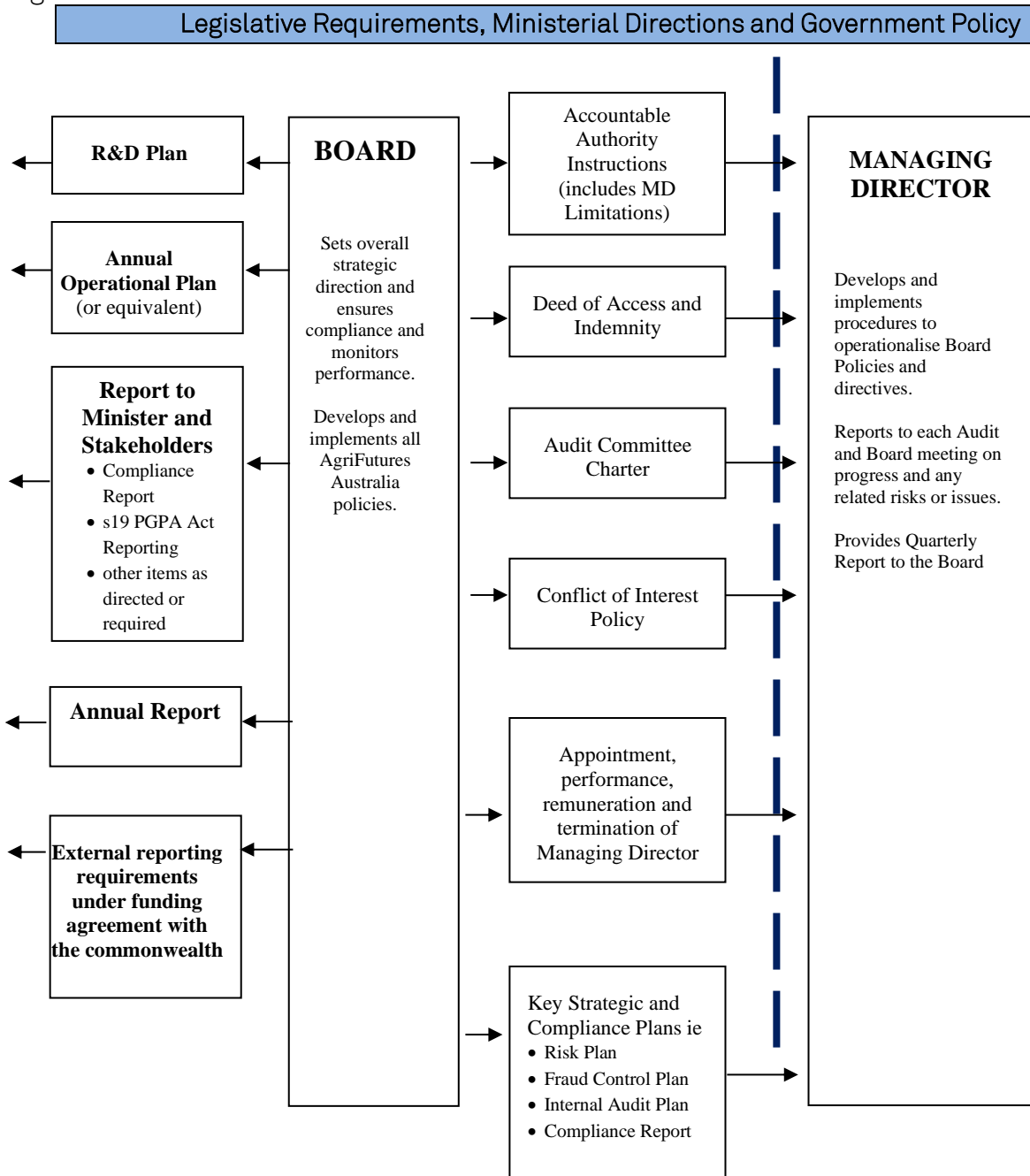


Figure 1.0

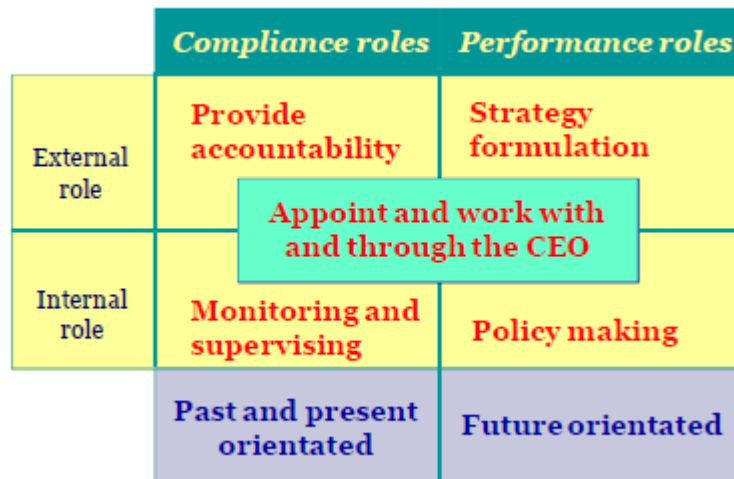


b) Corporate Governance

The Board is committed to good corporate governance and is guided by better practice from agencies such as Australian Institute of Company Directors, the Australian National Audit Office and the Australian Securities Exchange.

The strategic role of the Board in corporate governance aligns with the Tricker model (figure 2.0).

Figure 2.0



Source: Robert I Tricker, *International Corporate Governance: Text Readings and Cases*, New York: Prentice Hall, 1994, p.149 (figure 2.0)

c) Matters reserved for the Board

In accordance with good corporate governance practice, the Board has explicitly reserved for itself a number of functions listed within the Accountable Authority Instructions. The Board may amend this list of reserved functions at any time.

d) Delegation by the Board

Section 90 of the PIRD Act allows the Board, by writing under its Common Seal, to delegate all or any of its powers under the Act (except its powers under section 81) to a committee; or a director; or an employee of AgriFutures Australia.

The AgriFutures Australia Board has delegated certain aspects of their powers to the Managing Director as outlined in the Accountable Authority Instructions.

The Schedule to the Accountable Authority Instructions outlines the circumstances where the Managing Director may delegate certain aspects of his or her powers to employees of the AgriFutures Australia.

Any matters or transactions outside the Accountable Authority Instructions must be referred to the Board for approval.

e) Managing Director Limitations Policy

The Board has placed a series of limits to the delegated authority of the Managing Director. These are specified within the Accountable Authority Instructions.

f) Financial Governance

The Board has a core duty to ensure the financial integrity and viability of AgriFutures Australia. Section 41 of the PGPA Act specifies that accounting records must be kept that properly explain and record its transactions and financial position. Accordingly the Board will:

- i) develop, review and monitor the implementation of governance level financial policies
- ii) provide guidance on budget parameters and priorities and approve the annual budget and financial plan including capital expenditure
- iii) approve expenditure outside budget parameters
- iv) review the compliance report annually
- v) review and approve the full year financial statements, reports and outcomes
- vi) receive and note the Audit Committees' annual plan and scheduled reports.

g) Risk Management

The Board will identify and evaluate the principal risks faced by AgriFutures Australia and ensure that appropriate systems and processes are in place to avoid or mitigate these risks including the protection of intellectual capital. Accordingly the Board will:

- i) ensure that robust risk management policies and processes are developed and monitored addressing all areas of organisational risk
- ii) ensure that the organisation is progressing towards its strategic goals and objectives as established by the Board
- iii) ensure that suitable internal controls are in place and are enacted and monitored to ensure effective and efficient operation and management of the organisation's resources
- iv) ensure that the organisation is governed and managed in accordance with the provisions in the PIRD Act and its own policies
- v) ensure that proper accounting records are kept
- vi) ensure prompt investigation of any material shortfalls or breaches in compliance or risk management policies and processes.

h) Fraud Control

Section 10 of the PGPA Rule 2014 sets out the minimum standards for detecting, preventing and managing the risk and incidents of fraud relating to AgriFutures Australia. Accordingly, the Board will ensure that:

- i) risk assessments are conducted regularly and when there is a substantial change in the structure, functions or activities of AgriFutures Australia;
- ii) a Fraud Control Plan is developed after conducting risks assessments; and
- iii) effective fraud control systems and processes are in place to detect, prevent, manage, record and report incidents of fraud or suspected fraud and these are regularly monitored and reviewed.

The Board is required to keep the Minister informed of all relevant fraud control initiatives undertaken by AgriFutures Australia through the Annual Report by certifying that it is satisfied AgriFutures Australia has prepared a fraud risk assessment and a Fraud Control Plan, and has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes.

The Managing Director is responsible for the implementation and on-going effectiveness of the Fraud Control Plan. The AgriFutures Australia Audit Committee supervises and monitors the implementation and effectiveness of this Plan and reports to the Board where required.

i) Cross-Agency Governance

AgriFutures Australia ensures that the same high standards of commercial and contractual documentation and certainty are adhered to for all cross-agency collaboration activities, in line with better practice.

9) Roles and Responsibilities

a) The Board of Directors

The Board's role is to:

- i) set clear objectives and approve a clear strategy
- ii) monitor achievement of objectives of the organisation
- iii) clearly state the matters the Board wishes to reserve for itself
- iv) make decisions on matters the Board has reserved for itself in a timely manner and in a way that is consistent with AgriFutures Australia's business objectives
- v) publicly support the Managing Director's management of AgriFutures Australia and champion any major agreed changes for the organisation with the Minister, staff and other stakeholders
- vi) allow the Managing Director to make decisions of a management nature, subject to Board oversight and within agreed delegations
- vii) oversee the management of risk within AgriFutures Australia
- viii) play a major role in setting the tone and culture of the organisation
- ix) provide clear guidance on major issues, as required.

The Board may delegate aspects of its role to the Chairperson but remains accountable for the overall role.

b) The Chairperson

The Chairperson will:

- i) chair effective Board meetings and other relevant meetings and functions
- ii) provide leadership to the Board
- iii) facilitate a professional environment and open communication between the Board, its Committees and management to support an effective decision-making process
- iv) ensure that the strategic direction of AgriFutures Australia and governance matters as defined in the Board's policies are the focus at Board discussions
- v) ensure that stakeholder interests are accurately represented to Directors
- vi) ensure that all Board decisions are understood by Directors and accurately recorded.

The Chairperson may delegate aspects of the authority accompanying the position but remains accountable for the overall role.

c) Deputy Chairperson

The Deputy Chairperson is to act as the Chairperson during any vacancy in the office of Chairperson or during any period when the Chairperson is unable to perform the duties of office, for any reason.

The Deputy Chairperson has, when acting as Chairperson, all the powers, duties, rights and entitlements of the Chairperson.

d) Audit Committee Chairperson

The Audit Committee Chairperson will:

- i) chair effective Audit Committee meetings and provide leadership
- ii) facilitate a professional environment and open communication between the Committee and the Board, that supports effective decision-making
- iii) ensure that Audit Committee business aligns with and supports the Audit Committee Charter
- iv) ensure that all Committee decisions are understood by members and accurately recorded.

The role of the Audit Committee is outlined in more detail in the Audit Committee Charter.

e) The Directors

Each Director will:

- i) attend all Board meetings, field trips and related events of AgriFutures Australia

ii) advise the Chairperson and Managing Director when seeking leave of absence.

f) Managing Director

The managing Director's role is to conduct the affairs of AgriFutures Australia as directed by the Board.

The Managing Director has the authority to undertake any action on behalf of AgriFutures Australia that is within AgriFutures Australia's legal authority, other than those matters that the Board has explicitly reserved for itself.

Delegation by the Managing Director

The Accountable Authority Instructions outlines the circumstances where the Managing Director may delegate certain aspects of his powers, by writing, to employees of AgriFutures Australia.

In the exercise of a power delegated by the Managing Director, the delegate is subject to the directions of the Managing Director.

The HR Delegations outline the delegations to staff for human resource management. There must also be at least one person capable of responding to Board concerns and requirements at a level necessary for effective governance.

An Acting Managing Director may be appointed by the Board in line with the requirements of Section 85 of the PIRD Act 1989.

Emergency Managing Director Succession

The Board recognises that one of its major risks is the loss of key personnel, particularly its Managing Director. To this end the Managing Director will ensure that an emergency management regime is in place that can operate in the event of unexpected loss or absence of the Managing Director, for any reason.

g) Executive Coordinator

The Executive Coordinator or equivalent is charged with providing the secretariat service for the Board.

The Executive Coordinator will be responsible for carrying out the administrative requirements of the Board.

h) Minister

The Minister has several powers under the PIRD Act in relation to AgriFutures Australia. The Minister may, but is not limited to:

i) approve the R&D Plan or direct AgriFutures Australia to vary its R&D Plan (section 20)

- ii) agree to the tabling of the AgriFutures Australia annual report in the Parliament (section 28)
- iii) appoints the Chairperson (section 17), Deputy Chairperson (section 74) and Directors (section 17)

The Minister also has the following powers under the PGPA Act:

- i) to request reports, documents and information from AgriFutures Australia into its operations and the operations of its subsidiaries (section 19)
- ii) to notify Directors of general policies of the Government that apply to AgriFutures Australia (section 22).

10) Policy Framework

In order for AgriFutures Australia to achieve its outcomes and objectives, it is fundamental to establish a sound planning and risk management framework that outlines responsibility for key governance and accountability matters.

The AgriFutures Australia's Policy Framework ensures:

- all policies are developed, implemented and reviewed in accordance with the Policy Principles approved by the Board and set out below;
- that AgriFutures Australia's governance arrangements allow appropriate Board oversight of relevant policies whilst resting management responsibility with the AgriFutures Australia Executive.

The Policy Framework will be developed and maintained by management.

a) Policy Principles

The Policy Framework gives effect to AgriFutures Australia's corporate governance responsibilities in the area of policy. The key principles of this Framework are:

- i) There are two types of policies within AgriFutures Australia - Strategic and Operational:
 - Strategic policies: are policies with a strategic focus
 - Operational policies: are policies relating to operational activities and describe how AgriFutures Australia's business will be carried out within the parameters of overarching policy and legislation.

The Board has reserved authority over all policies and will oversee, monitor and approve these as required.

- ii) Unless earlier review is required as a result of changes to legislation or other circumstances:
 - all policies contained within the Governance Handbook will be reviewed annually; and
 - all other policies will be reviewed every two years

- iii) The Leadership Team will review all policies as scheduled, or before if required, and ensure they are updated in accordance with the AgriFutures Australia Policy Framework and Policy Template, before presentation to the Board for approval
- iv) Management will ensure appropriate strategies are developed and implemented to communicate new policies and ensure awareness and understanding of all current policies
- v) All policies, procedures and associated documentation will be maintained in a secure central policy database within the Electronic Document Records Management System

b) Policy Reporting Framework

A policy Reporting Framework has been approved by the Board to monitor compliance with the Policy Framework and ensure appropriate triggers are in place for the Board to have closer oversight if and when required.

- i) An annual schedule of policy reviews is considered by the Audit Committee and then approved by the Board annually. It includes a list of all policies and plans that are due for review in the next financial year
- ii) Management will summarise any key issues in the annual policy review schedule and recommend any exceptions worthy of a first iteration review by the Audit Committee or Board
- iii) There is a standing agenda item at each Board and Audit Committee meeting called “Policy Reviews” which includes a section on progress or issues related to any policy reviews or policies under development
- iv) There is a standing agenda item at each Board meeting called “Managing Director’s Report” that will include a section to alert Directors to any significant issues relating to any policy development or review
- v) There are two standing agenda items at each Audit Committee called “Internal Audit Progress” and “External Audit Progress” which include specific information regarding policy compliance and broader governance issues.

11) Conduct

a) Statement of Values

The Board is responsible for AgriFutures Australia’s statement of values, which includes proper standards of behaviour as outlined in the Code of Conduct. The ethical standards outlined below are expected to be upheld by AgriFutures Australia Directors as well as employees, contractors and panel members.

b) Code of Conduct

The Board has adopted the AgriFutures Australia Board Code of Conduct as amended from time to time. The Board Code of Conduct governs conduct of Directors, both individually and as a group. It is based on the AICD Code of Conduct and is designed to

ensure that Directors observe high standards of behaviour in the context of their employment. .

The Board Code of Conduct requires each Director to:

- i) act honestly, in good faith and in the best interests of the AgriFutures Australia as a whole
- ii) use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office
- iii) use the powers of office for a proper purpose, in the best interests of AgriFutures Australia as a whole
- iv) recognise that his/her primary responsibility is to AgriFutures Australia's key stakeholders, consisting of the Federal Government and the industries which provide funds
- v) not make improper use of information acquired as a director
- vi) not take improper advantage of his/her position of director
- vii) properly manage any conflict with the interests of AgriFutures Australia
- viii) exercise independence in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors
- ix) protect the confidentiality of all confidential information received by him/her in the course of the exercise of directorial duties, ensure it remains the property of AgriFutures Australia and to not disclose it, or allow it to be disclosed, to any third party unless that disclosure has been authorised by AgriFutures Australia or is required by law
- x) not engage in conduct likely to bring discredit upon AgriFutures Australia
- xi) not agree to be a referee for any stakeholder engaging with AgriFutures Australia
- xii) comply with the spirit, as well as the letter, of the law and with the principles of this Code at all times.

c) Use of Information

A Director must not knowingly or recklessly make improper use of his/her position to gain any benefit or material advantage for themselves or any other person.

d) Official Hospitality and Gifts

Directors are expected to be familiar with and comply with a number of AgriFutures Australia policies that support good governance, including the Official Hospitality and Gifts Policy.

e) Public comment and communications with third parties

All corporate or policy statements to the public shall be made by the Chairperson or Managing Director who may delegate aspects of this responsibility as appropriate in accordance with AgriFutures Australia policies.

Board papers and discussions at Board meetings are confidential. Directors are not authorised to disclose any confidential information they receive in their capacity as Directors to third parties except with the prior consent of the Board.

f) Access to Information and Records

The Board and Committees must be provided with the information they need to efficiently discharge their responsibilities. Board members shall have complete and open access to members of management and any relevant records following consultation with the Chairperson and the Managing Director. In addition, the Audit Committee has regular direct contact with the General Manager, Corporate.

Directors also have a statutory right to inspect the accounting records of AgriFutures Australia under section 41 of the PGPA Act.

AgriFutures Australia maintains a register for Requests to Access Records when applicable.

g) Conflict of Interest

The Board recognises the importance of having established procedures for recording and managing actual, potential or perceived conflicts of interest, including “material personal interests”, for Directors in relation to AgriFutures Australia business.

In line with the requirements of the PIRD Act and the PGPA Act, the Board has adopted a Conflict of Interest Policy. The policy outlines the process and steps for AgriFutures Australia Officers to follow in relation to conflicts of interest but does not, in any way, negate the need for Directors to utilise their judgement and common sense when handling any conflicts of interest.

h) Related Party Transactions

AgriFutures Australia prepares its annual financial statements in accordance with the Department of Finance guidelines and the Australian Accounting Standards. The guidelines and standards require that the Directors of AgriFutures Australia, including the Managing Director, disclose the nature of any transaction that they, their spouse or relatives may have had with AgriFutures Australia. The AASB defines Related Party transactions to include any transactions by the Key Management Personnel, which includes Directors, Executive Director and senior staff and their close family members or a related entity. Consequently, transactions with related parties must be disclosed in the financial statements.

As part of this process, Directors are asked to provide a listing of any organisation they or their spouse or relatives, are a director of, or are in a position to control or

significantly influence, during the financial period for disclosure in the notes to the financial statements.

The Executive Coordinator coordinates this process and maintains a confidential Register of Directors Interests.

i) Directors' appointments to other Boards

Any Director may accept other Board appointments, as long as the appointment is not in conflict with AgriFutures Australia business, and does not detrimentally affect the Director's performance. All other appointments will be advised to the Board as required by the conflict of interest and disclosures process.

j) Independence

The Board ensures that it retains its independence from management by adopting appropriate structures and procedures. The roles and responsibilities of the Chairperson, Board and Managing Director are clearly articulated.

A non-executive Director is generally considered as being independent of the management of AgriFutures Australia.

12) Director Remuneration and Travel

a) Remuneration

A Director, other than the Managing Director, is entitled to receive remuneration determined by the Remuneration Tribunal.

There are particular circumstances outlined in Section 7 of the Remuneration Tribunal Act that preclude individual Directors from receiving remuneration. It is incumbent upon Directors to notify AgriFutures Australia of any change in employment status and to advise that they are eligible to receive remuneration under the Remuneration Tribunal Act.

b) Superannuation

As statutory office holders, AgriFutures Australia Directors are eligible to join the relevant Public Sector Superannuation Scheme. AgriFutures Australia will make contributions on behalf of directors to this scheme or a complying fund of the Director's choice at the applicable rates required by law.

Under the Superannuation Guarantee (Administration) Act 1992, AgriFutures Australia is required to offer choice of superannuation fund to statutory office holders. Where a director does not nominate a choice of fund, AgriFutures Australia will use PSSAP as the default fund.

The Superannuation (Productivity Benefit) Act 1988 (PB Act) applies to AgriFutures Australia directors that are members of the CSS or PSS defined benefits schemes.

c) Remuneration packaging

Directors have access to remuneration packaging as office-holders covered by the Remuneration Tribunal. A Director may elect either to take benefits in lieu of her or his fee or to take a combination of her or his fee and benefits. The General Manager, Corporate administers remuneration packaging for AgriFutures Australia staff and Directors.

Any election made by a Director for remuneration packaging must:

- i) be in accordance with AgriFutures Australia policies and procedures on remuneration packaging
- ii) be consistent with relevant taxation laws and rulings or guidelines applicable to remuneration packaging schemes issued by the Australian Taxation Office
- iii) not result in any cost to AgriFutures Australia and/or the Commonwealth (including in relation to any fringe benefits taxation) additional to the cost which would be incurred if benefits able to be taken as fees were taken as fees.

d) Audit Committee Remuneration

The Chairperson and members of the Audit Committee receive an additional fee per annum set by the Remuneration Tribunal.

e) Travel Policy

The Executive Coordinator manages all travel and related administrative arrangements for Directors. The following arrangements apply to AgriFutures Australia Directors travel arrangements:

Conditions of Travel

- i) Directors are reimbursed actual expenses for all AgriFutures Australia related travel. All travel expenses must be reasonable and within the range prescribed by the Remuneration Tribunal for Tier 1 part-time statutory office holders.
- ii) Directors' conditions for travel and allowances are determined by the Remuneration Tribunal and are updated annually.
- iii) The AgriFutures Australia Board have changed directors' entitlements to travel allowance and class of travel as follows:
 - a. Directors do not receive a travel allowances and will be reimbursed actual work-related expenses for AgriFutures Australia business travel. Directors should use the overarching allowances prescribed by the Remuneration Tribunal (Tier 1) to validate the reasonableness of their actual expenses.
 - b. All Directors are entitled to fly business class
- iv) Updates and information relating to all Determinations is located on their website at: <http://www.remtribunal.gov.au>.

Accommodation

- i) All accommodation is booked by AgriFutures Australia and will be at an appropriate standard.

- ii) The room rate, meal costs and reasonable incidental expenses can be charged back to the AgriFutures Australia account on check out.

Car Hire and Taxi Services

- i) All directors are provided with Cabcharge cards or electronic vouchers and these should be used for all AgriFutures Australia related taxi travel.
- ii) In circumstances when car hire is more cost effective than taxi services, car hire can be booked by the Executive Coordinator and will be charged to the AgriFutures Australia account.

Corporate Travel or Representation

- i) The Executive Coordinator will manage all travel and administrative arrangements for Directors' AgriFutures Australia related corporate travel or representation purposes.

Directors expense claims

- i) Directors are responsible for completing their expense claim forms and submitting to AgriFutures Australia along with copies of the relevant receipts. All claim forms should be sent to the Executive Coordinator.
- ii) Directors will be reimbursed for use of their private motor vehicle for AgriFutures Australia related travel in line with the remuneration tribunal determination.
- iii) Directors will be reimbursed for other work related travel expenses such as parking, tolls, telephone calls, etc and must provide a copy of the receipts with the relevant expense claim.

Flight Club Memberships

- i) Directors may be provided with membership to the Qantas Club or Virgin Lounge through corporate membership schemes where relevant.

13) Board Meetings

a) Board Meetings

The Board will develop a one year forward agenda that regularly reviews progress towards the achievements of the R&D plan and strategic objectives, provides assurance that all relevant compliance requirements are addressed, and improves Board performance through education and a continuous focus on governance effectiveness.

b) Audit Committee

The Board will establish and maintain an Audit Committee in line with the requirements of Section 45 of the PGPA Act. The operations of the Audit Committee are guided by the Audit Committee Charter as approved by the Board.

Appointment of members to the Audit Committee will coincide with the Board appointment process and would normally be considered at the first meeting of the new Board.

Directors can nominate to be on the Audit Committee. All nominations must be provided to the Board Chair in writing outlining the skills and capabilities of the director against the key areas of responsibility outlined in the Audit Charter.

The Board Chair will consider all nominations and put forward a summary report and recommendations to the Board.

Should a vacancy emerge on the Audit Committee, the Audit Committee Chair will consult with the Board Chair regarding the nomination and appointment process. If the vacancy is the Audit Committee Chair, the Board Chair will consult with the Board on the nomination and appointment process.

c) Ad Hoc Committees

The Board may also delegate specific responsibilities to ad hoc committees from time to time.

d) Frequency and timing of meeting

Section 47 of the PIRD Act provides that the Board must hold such meetings as is necessary for the efficient performance of its functions. The Chairperson may call a meeting at any time. The Chairperson must call a meeting if requested to do so in writing by a majority of the Directors.

The Board currently holds no less than four regular meetings each year. A schedule of Board briefings is developed annually which outlines a program of key sector and industry briefings for the Board and an outline of the planned field visits for the coming year.

The Board also holds specific sessions around most meetings to discuss strategic issues.

e) Meeting agendas

The Chairperson and the Managing Director jointly maintain a 12 month rolling forward plan of items for consideration by the Board.

The Board Meeting agenda is developed by the Managing Director in consultation with the Chair.

The agenda is structured to ensure that each meeting focuses on the key objectives of AgriFutures Australia with agenda items grouped and prioritised accordingly. At the beginning of each meeting the Board agrees which agenda items the relevant staff will participate in at the meeting.

Each meeting concludes with a session to review the meeting and discuss its effectiveness, the quality of the papers and presentations, and any other related matters. This session will form part of the Agenda and be called “meeting review”.

f) Quorum and voting

A majority of Directors constitutes a quorum for a Board meeting (five Directors).

A question is to be decided by a majority of the votes of the Directors present and voting. The Chairperson presiding at the meeting has a deliberative vote and, if necessary, also a casting vote.

g) Resolutions without meeting

Section 52 of the PIRD Act allows a Board resolution to be passed without a meeting if a majority of Directors indicate agreement with the resolution (Section 49 states that a majority of the Directors constitutes a quorum). The procedure for passing out of session resolutions is provided below:

- i) The Board Chairperson approves the request for an out of session paper prior to distribution to the Board
- ii) A copy of the request and proposed resolution must be sent to each Director
- iii) The Executive Coordinator distributes the out of session request by email, including a deadline for responses
- iv) Directors are requested to provide their response to the Executive Coordinator or equivalent on the proposed resolution by the required deadline
- v) If Directors provide comments with their responses, they will be copied to the Chairperson to establish the meaning of the comments (whether material or general commentary). The Chairperson will advise the Executive Coordinator if the comment should be included with the final confirmation email to Directors
- vi) Directors may request additional information or raise any issues with the Chairperson who should ensure that Directors are satisfied with the information provided for the purpose of reaching a considered decision
- vii) The resolution is deemed passed if each of a majority of the Directors eligible to vote on that resolution email their approval with the required documentation to the Executive Coordinator by the required deadline
- viii) For the purposes of this procedure, a Director is not eligible to vote on a resolution if the resolution relates to a matter in which the Director has a material personal interest and direct or indirect pecuniary interest
- ix) The deadline is the deemed date that the out of session resolution is passed, or the date that the majority of responses have been received, whichever happens first
- x) The Executive Coordinator prepares a report for the following Board meeting so that the resolution can be incorporated into the minutes of the next Board meeting
- xi) The Executive Coordinator maintains a file for all Board out of session business.

h) Participation by video or telephone

With the consent of the other Directors, a Director may participate in a Board Meeting by video or telephone. Directors participating in meetings in this manner are taken to

be present at the meeting. Board Meetings are to be held face-to-face, unless unforeseen circumstances prevent personal attendance.

i) Minutes and matters arising

The Executive Coordinator, or delegate, is responsible for taking minutes of each Board and Audit Committee meeting. The draft minutes will be provided to the Chairperson within a week of the meeting. Management is authorised to act on draft minutes of Board Meetings once the minutes have been cleared by the Chairperson and the Managing Director.

The Executive Coordinator is also responsible for preparing a report to each Board Meeting, on completed and outstanding actions arising from the previous meetings.

The Executive Coordinator is responsible for maintaining the file with the signed and approved minutes from each Board Meeting.

j) Records and Security

All Directors are provided with an AgriFutures Australia email account when they are appointed. All Board papers will be provided electronically via the Board of Directors online information portal. All directors must sign the AgriFutures Australia ICT Acceptable Use Form before access to any AgriFutures Australia systems can be provided.

Key points for directors:

- i) Directors are expected to maintain all AgriFutures Australia equipment and records in a secure manner; and
- ii) The General Manager, Corporate must be notified immediately if any records are misplaced or lost.

k) Board papers

The Executive Coordinator arranges for Board papers to be sent to Directors a minimum of five working days before each Board meeting.

The Managing Director clears all Board papers, except those papers prepared by the General Manager, Corporate or Executive Coordinator on behalf of the Chairperson (these would usually be papers relating to the Managing Director's remuneration and performance).

l) Managing Director's report

There is a standing agenda item for each Board meeting where the Managing Director provides a report on key issues and activities that he or she has participated in since the last meeting. This report will also include any emerging risks and any triggers or significant issues associated with the review of any policies.

m) Operational reports

The Board has a duty to oversee and monitor the performance of the operational aspects of AgriFutures Australia.

The Managing Director will report to the Board on the performance of AgriFutures Australia at a frequency and to a standard specified by the board. Current reporting is a standing agenda item at each Board meeting.

All such reporting should be targeted on performance outcomes at the level of the Board's interests and duties rather than a description of management actions.

n) Audit Committee reports

There is a standing agenda item for each board meeting where the Chair of the Audit Committee provides a verbal report on the key items discussed at the previous meeting.

A copy of the minutes from each audit committee meeting is available on the Board of Directors Online Information Portal.

14) Indemnities and Insurance

a) Deed of Access and Indemnities

Section 61 of the PGPA Act allows AgriFutures Australia to indemnify Directors, subject to certain limitations.

Section 62 of the PGPA Act allows AgriFutures Australia to arrange insurance for Directors, subject to certain limitations regarding wilful breach of duty or contravention of sections 27 or 28 of the PGPA Act.

AgriFutures Australia maintains a Register for Indemnities.

b) General Insurance

AgriFutures Australia maintains adequate levels of insurance cover for workers compensation, theft, fire, storm, and tempest damage to AgriFutures Australia property and personnel.

The adequacy and appropriateness of AgriFutures Australia's insurance arrangements is considered on an annual basis by the Audit Committee.

c) Directors and Officers Insurance

AgriFutures Australia maintains appropriate Directors and Officers Insurance for Directors and Officers.

AgriFutures Australia maintains a Register of Comcover Notifications.

d) **Private Plated Vehicles**

It is the responsibility of each person who is undertaking AgriFutures Australia official travel to ensure that when travelling in a Private Plated Vehicle, that the vehicle is registered and insured.

15) **Monitoring Performance**

a) **Board Performance**

At least once during each Board term, the Board will carry out an evaluation of: the performance of:

- the Board and its responsibilities;
- the Chairperson; and
- all individual Directors.

The evaluation consists of both peer and self assessment. An external consultant may also be engaged on terms agreed by the Board to assist with the Board performance review.

The Executive Coordinator coordinates the performance review process on behalf of the Board Chairperson.

b) **Audit Committee Performance**

The Audit Committee will also undertake a performance review once in each Committee term, in line with the requirements outlined in the Audit Committee Charter.

The Executive Coordinator organises the performance review process on behalf of the Audit Committee Chairperson.

c) **Managing Director Performance**

AgriFutures Australia's performance framework supports high levels of organisational and individual performance.

A set of key deliverables/objectives will be developed by the Managing Director for inclusion in a performance agreement. The key deliverables will be linked to those identified in AgriFutures Australia's R&D and annual operational plans and will be formally approved by the Board each July.

The Managing Director's key deliverables cascade down to the Leadership Team and other employees to ensure an appropriate level of organisational alignment and purpose.

The Managing Director's performance will be continuously assessed by the Board against achievement of the agreed key deliverables and compliance with Board policies. The Board will provide regular performance feedback to the Managing Director.

There will be an informal mid-term performance review half way through the performance cycle and a formal annual review of the Managing Director's

performance. The timing, format and process for this will be agreed between the Managing Director and the Board at the beginning of each performance monitoring period.

16) Induction

AgriFutures Australia will provide a comprehensive induction program including a detailed induction pack for new Directors to assist them in fulfilling their duties and responsibilities. The induction pack will include information about AgriFutures Australia and stakeholders, in particular the government and rural industries partnerships. The program will include face to face structured sessions with key personnel and a post induction follow up to ensure Directors are well prepared for their appointment.

Directors are expected to keep themselves abreast of changes and trends in the business and in AgriFutures Australia's operating environment.

When new Directors or a new Chair join the AgriFutures Board, they will be required to sign a deed of access and indemnity as part of their induction process.

17) Professional Development and Training

The Board's value-adding role requires that the Board as a whole and all Directors have access to professional development directly relevant to their role and duties as a AgriFutures Australia director.

- a) AgriFutures Australia will make every reasonable effort to facilitate professional development and training for all Directors to maximise their value-adding contribution to the organisation
- b) Audit Committee members may have more specific development or training requirements
- c) An annual budget will be allocated each year for Directors professional development and training
- d) Development or training activities must have a clear linkage and benefit to AgriFutures Australia business. Examples of development might include subscription to the Australian Farm Institute Journal or AICD, attendance at an AICD course, or contribution to attendance at the annual AICD conference
- e) Directors must prepare a business case supporting any professional development or training request
- f) The Chairperson considers each application on a case by case basis and will provide all relevant documentation to the Executive Coordinator for action and filing
- g) The Board are also provided with ongoing briefings on sector or industry specific matters and participate in an annual field visit.

18) Independent Professional Advice

The Board collectively and each Director individually may (subject to the following provision) take, at AgriFutures Australia's expense, such independent professional advice as is considered necessary to discharge their duties and responsibilities.

Board Committees are also authorised by their Charters to obtain independent advice where they consider it appropriate.

Individual Board members seeking independent professional advice must obtain the approval of the Chairperson (which may not be unreasonably withheld) and the advice received will be made available to all Board members as appropriate.

19) Common Seal

In accordance with the section 10 of the PIRD Act, AgriFutures Australia has a common seal. The seal is held in the custody of the Executive Coordinator and is only affixed in accordance with a resolution of the Board.

Every instrument to which the Common Seal is affixed will be signed by the Chairperson and at least one other Director.

The two key uses for the common seal are for the Accountable Authority Instructions and the Deed of Access and Indemnity.

The Executive Coordinator maintains the register of the Common Seal's use. The register includes: date of use of the seal, particulars of the document sealed, and names of the person who signed and the witness.

20) RD&E Program and Evaluation Framework

The RD&E Plan outlines the Monitoring, Evaluation, Reporting and Improvement (MERI) Framework for AgriFutures Australia's various areas of business.

The MERI Framework complements the RD&E Plan and supports:

- AgriFutures Australia's planning, performance and accountability requirements under the PGPA Act and Agreement
- AgriFutures Australia's Program Framework.

Outputs and performance impacts of AgriFutures Australia's Program investments are systematically evaluated through AgriFutures Australia's MERI Framework and summarised in AgriFutures Australia's Annual Report.

AgriFutures Australia makes investments in RD&E by drawing on input from industry advisory panels, industry peak organisations, or consultative groups. The purpose, operating principles and governance arrangements for these structures are outlined in the terms of reference for each.

The Industry Advisory Panels assist AgriFutures Australia in targeting RD&E Programs to the needs of industry, the engagement of the sector in the extension of the outcomes, and the effective monitoring and evaluation of the Programs. Advisory Panels are usually, but not exclusively, associated with levied industries and members are appointed under the PIRD Act.

The strategic drivers for consultation reflect the degree of industry contribution (both financial and intellectual) to their RD&E Programs.

21) Relevant documents

1. Attached summary of relevant legislation
2. Compliance Register

Attachment 1

Commonwealth Legislation with which AgriFutures Australia has to comply includes the:

- [Public Governance, Performance and Accountability Act 2013](#)

The *Public Governance, Performance and Accountability Act 2013* (the “PGPA Act”) sets out rules about the governance, performance and accountability of, and the use and management of public resources by, the Commonwealth, Commonwealth entities and Commonwealth companies.

- [Archives Act 1983](#)

The *Archives Act 1983* provides for the establishment of the National Archives of Australia, the National Archives of Australia Advisory Council, and provides a mechanism for dealings with, access to, storage and protection of Commonwealth Records.

In brief, the Archives Act:

- regulates the disposal of Commonwealth records
- requires agencies to transfer their records to the National Archives of Australia when they are no longer required by the agency or they are more than 15 years old
- establishes a general right of public access (from the Archives) to records that are more than 20 years old.

The National Archives of Australia has issued a number of notifications, including guidance relating to recordkeeping responsibilities when the delivery of services is outsourced.

- [Auditor General Act 1997](#)

The *Auditor-General Act 1997* sets out the powers and function of the Auditor-General and establishes the Australian National Audit Office.

- [Copyright Act 1968](#)

The *Copyright Act 1968* sets out rules to provide for the protection of original artistic, literary, dramatic or musical works. The Copyright Act creates a right of action for any artist, author or owner of copyright against anyone who infringes copyright without the artist’s author’s or copyright owner’s consent.

- [The Criminal Code Act 1995](#)

Criminal law at the Federal level is now codified in the Commonwealth Criminal Code. The *Criminal Code Act 1995* (which incorporates the Criminal Code) contains the major offences against Commonwealth law, which includes fraud (see the Commonwealth Fraud Control Guidelines), theft, abuse of public office, bribery and unauthorised access to, or modification of, restricted data held in a Commonwealth computer to which access is restricted by an access control system. A Commonwealth employee or agent (including a contractor) may be liable for prosecution under the criminal law if they conduct themselves improperly in the performance of their official functions.

- [Environment Protection and Biodiversity Conservation Act 1999](#)

The *Environment Protection and Biodiversity Conservation Act 1999* sets out rules to provide for the protection and management of the environment, to promote ecologically sustainable development, the conservation of biodiversity and the use of indigenous people's knowledge; and to assist in the co-operative implementation of Australia's international environmental responsibilities.

- [Fair Work Act 2009](#)

The object of *Fair Work Act 2009* is to provide a balanced framework for cooperative and productive workplace relations to promote national economic prosperity and social inclusion for all Australians. It sets out the framework for employer/employee workplace relations.

- [Freedom of Information Act 1982](#)

The *Freedom of Information Act 1982* sets out rules to provide for the public's right of access to information about the operations of the Commonwealth, its departments and public authorities, subject to some exceptions like national security. The FOI Act creates a general right of access to such information and to bring about the amendment of records containing personal information that is incorrect.

- [The Australian Human Rights Commission Act 1986](#)

The *Human Rights and Equal Opportunity Commission Act 1986* establishes the Human Rights and Equal Opportunity Commission, which is the Commonwealth agency responsible for investigating and conciliating complaints about human rights breaches. HREOC deals with, among other things, issues concerning sex discrimination, privacy and equal opportunities.

- [Legal Services Directions 2017](#)

The *Legal Services Directions 2017* are a set of binding rules issued by the Attorney-General about the performance of Commonwealth legal work. The directions set out requirements for sound practice in the provision of legal services to the Australian Government. They offer tools to manage legal, financial and reputational risks to the Australian Government's interests.

- [Patents Act 1990](#)

The *Patents Act 1990* provides a mechanism for the registration and protection of inventions or innovations.

- [Primary Industries Research and Development Act 1989](#)

The *Primary Industries Research and Development Act 1989* (the "PIRD Act") provides for the funding and administration of research and development relating to primary industries with a view to increasing the economic, environmental and social benefits to members of primary industries and to the community in general; to achieving the sustainable use and sustainable management of natural resources; making more effective use of the resources and skills of the community in general and the scientific community in particular; and improving accountability for expenditure upon research and development.

- [Primary Industries Levies and Charges Collection Act 1991](#)

The *Primary Industries Levies and Charges Collection Act 1991* makes provision for to rationalise levy and charge collection and to make provision for the efficient and effective collection of primary industry levies and charges.

- [Privacy Act 1988](#)

The Information Privacy Principles under *the Privacy Act 1988* govern the way in which Commonwealth agencies handle “personal information” (being any information from which an individual’s identity is apparent or may reasonably be ascertained).

- [Superannuation Act 1976](#)

The *Superannuation Act 1976* makes provision for and in relation to the Commonwealth Superannuation Scheme (CSS) for Australian Government employees and for certain other persons.

- [Superannuation \(State Public Sector\) Act 1990](#)

The *Superannuation Acts provide* for the system of superannuation schemes available to people employed by the Commonwealth and certain other people.

- [Competition and Consumer Act 2010](#)

The object of the *Competition and Consumer Act 2010* is to enhance the welfare of Australians through the promotion of competition and fair trading and provision for consumer protection. The TPA only applies to a Commonwealth authority to the extent that it is carrying on a business.

- [Work, Health and Safety Act 2011](#)

The main objective of the *Work Health and Safety Act 2011* is to provide for a balanced and nationally consistent framework to secure the health and safety of workers and workplaces; ensure expert advice is available; foster a co-operative and consultative relationship between employers and employees on the health, safety and welfare of such employees at work.

- [Workplace Relations Act 1996](#)

The principal object of the *Workplace Relations Act 1996* is to provide a framework for employer/employee workplace relations.