



Royal Agricultural Society of NSW

CORPORATE GOVERNANCE STATEMENT

OF THE

ROYAL AGRICULTURAL SOCIETY OF NSW

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Purpose of this document

The purpose of this document is to describe the corporate governance framework and policies of the Council and Board of the Royal Agricultural Society of NSW (RAS). It is intended to assist Council and Board members discharge their fiduciary duties.

The Treasurer, through the Audit Committee, is responsible for updating this document and presenting it to the Board for annual ratification. The Audit Committee will review the requirements of corporate governance annually and recommend any changes to the Board and Council.

The nature of the RAS, its Council and Board

The RAS is a not for profit organisation established by an Act of the NSW Parliament in 1869. Its constitution is that Act and the Rules that are from time to time amended by the Council.

The key stakeholders are the members.

The governing body is a Council whose members are elected at the annual general meeting of the members.

In practice the decisions of the Board have been ratified and supported by Council. However, the Board is a standing Committee of Council. Whilst it has most of the responsibilities under the Rules of a normal corporate Board it is answerable to the Council and the Council is answerable to the members. The Board members are elected by the Council.

Section 1: Corporate Governance and Council

1.1 Application to Council

Except and to the extent that it is specifically applicable to the Board, all aspects of this Corporate Governance Statement apply to the conduct and governance of Council.

1.2 Nomination and election of Council members

In nominating and electing Council members proper regard will be given to the balance of skills required by individual Committees, including the Board, and also the nominee's ability to contribute generally to the affairs of Council. The Board and Chairmen's Committee are to draft and update regularly a summary of the skills, expertise and experience needs of Council generally as a guide to the Council in the nomination and selection of new Councillors

1.3 Chairmen's Committee

Rule 91 outlines the functions of the Chairmen's Committee. The Chairmen's Committee shall be responsible to the Board and subject to any direction from the Board, shall:

- (a) provide advice and assistance to the Board on such matters and things as may be referred to it by the Board, a Standing Committee, the President or the Chief Executive;
- (b) provide advice to Council in relation to candidates to fill vacancies in the Office Bearers of the Society;
- (c) review significant proposals or recommendations from the Chief Executive or the Board relating to the Royal Easter Show or general Showground site issues;
- (d) provide advice and recommendations to the Board and Council in respect of the resolution of any differences between Committees on any issues relating to the Royal Easter Show; and
- (e) in consultation with the Board, identify persons who are considered suitable for nomination for election as an Office Bearer.

1.4 The role of the Treasurer

Rule 97 states that the Treasurer shall be responsible for the general supervision of the Society's finances, ensuring that the accounts of the society are audited annually and shall report to Council and the Board on the general state of the Society's financial affairs at each meeting of Council and the Board.

Section 2: Roles and responsibilities of the Council, Board and Management

2.1 Role of the Council and Board and duties of their members

Council members are required to act in the best interests of the RAS. The Council members acknowledge that the best interests of the RAS as a whole will, in general, coincide with the objects of the RAS as outlined in the Rules and thus with the interests of the members of the RAS. The Board is a Standing Committee of the RAS Council per Rule 64(a).

Council members are required to:

- Avoid conflicts of interest
- Declare any conflicts of interest that exist or arise
- Keep information of the RAS confidential
- Not misuse or apply to their personal benefit the RAS' property, including intellectual property, information or business opportunities

Board members are required to ensure that the requirements of the RAS Rules are carried out, in particular, with respect to Rules 64 to 74. Rule 68 outlines the powers of the Board as:

- Formulation of objectives and strategies
- Review and approval of operational, financial and human resources policies
- Assessing and monitoring Management performance
- Review of Management structure and organisation
- Review and monitoring of risk identification and control strategies
- Resolution of such matters as may be referred to the Board for resolution
- Making recommendations to Council in relation to the appointment, and where appropriate, the removal of the Chief Executive
- Appointment of Executive Officers

The Board may not:

- Approve capital expenditure in excess of \$200,000 or such other sum as Council may from time to time determine;
- Take any decision that is likely to change the date of commencement of the Royal Easter Show (RES);

other than with the approval of Council.

A Board member must exercise the Board's powers and discharge the Board member's duties with due care and diligence. What will be sufficient to meet this requirement will vary depending on the circumstances of the case. However, as a guide, Board members should ensure:

- They are in a position to monitor the Management of the RAS
- They understand the financial position of the RAS
- They understand the business of the RAS and its exposure to changing economic or market conditions
- Regular review of key RAS policies and compliance with them
- Regular internal and/or external auditing of financial and operational matters
- Diligent preparation, attendance and participation at Board and Committee meetings
- They make an independent assessment of any advice received by the Board; if they deem it necessary they seek further information

Board members can rely on advice in certain circumstances. A Board member's reliance on advice will be taken to be reasonable where that advice was given or

prepared by an employee, a professional advisor, another Board member or officer or a Committee of Board members, and the Board member relied on that advice in good faith after having made an independent assessment of the advice. The extent of the independent assessment required will depend on the Board member's knowledge of the RAS and the complexity and operations of the RAS.

2.2 Role of the Chief Executive and Management

The Chief Executive is a member of the Board under Rule 64(b) and bound by the section above. The Board requires the Chief Executive to lead strategic planning. In addition, the Rules outline the following duties of the Chief Executive:

- Propose for approval by the Board, policies and plans relating to the business and affairs of the RAS including:
 - the annual operating budget, capital expenditure program and funding plan
 - investments and funding sources
 - Management structure and staffing levels
 - staff remuneration policies and levels
- Propose policies and plans relating to the RAS' objectives and corporate plan
- Implement such policies and plans as are approved by the Board or, as appropriate, Council
- Provide such reports concerning the Management and operation of the business and affairs of the RAS as the Board or the Council may require
- Propose, for approval by the Board, persons for appointment to Executive officer positions
- Appoint persons to such other Management and staff positions as may be approved by the Board
- Act generally as Chief Executive of the RAS

2.3 Succession planning

Council should ensure there are policies and procedures in place to ensure adequate succession planning for Board members.

An annual succession plan is required by the Board from the Chief Executive for the senior executives. The review should include the implementation of appropriate executive development programs and ensuring optimal arrangements are in place for developing executives nominated as potential successors.

The range of skills, expertise and experience required on both the Council and Board is to be provided by the Board, after consultation with the Chairmen's Committee, to Council each year before Board elections.

2.4 Strategic planning

The Board is to establish a Strategic Committee made up of Board members and members of Council who are not Board members. This Committee's responsibility will include monitoring the strategic development of the RAS and reviewing growth and other significant opportunities. Review of the Management strategic plan will be an ongoing process.

2.5 Board meetings

Rule 71 (e) states that the Board shall meet from time to time, but no less than 10 times per annum.

Section 3: Composition and size of the Board

3.1 Number of Board members

The number and make up of Board members is set out in Rule 64. Their tenure is outlined in Rules 65 to 67. The Board members are appointed by the Council.

3.2 Independence of Board members

The Board members, by requirement of Rule 34D, are members of the RAS Council and, except for the Chief Executive, receive no remuneration. Board members, as Councillors, are entitled to have their travel, accommodation and sustenance expenses reimbursed according to guidelines approved by the Board. Any related party transactions are declared annually in the disclosure document (**Annexure A**).

3.3 Qualifications and expertise of Board members

It is important that the Board has the appropriate competencies available to it. This requires an evaluation of the range of skills, expertise and experience of each member (or prospective member) in the light of the overall competencies required by the Board.

It is the responsibility of the President, the Board and the Chairmen's Committee to review potential candidates to Council with a view to filling identified "competency gaps" in the Board.

3.4 Board members' tenure

Rule 65A (b) and 44A state that Board members are elected to Council for a term of 3 years and from July 1, 2002 may not serve more than 3 terms consecutively, in the case of the President and the Treasurer, and no more than 2 terms consecutively in the case of additional Board members.

Section 4: Code of conduct

4.1 The Rules

The Rules define the principal objectives of the RAS. A copy of the Rules is supplied to every Councillor.

4.2 Councillor commitment

All Councillors will be required to sign a Councillor Commitment document upon commencement of their role as a Councillor (**Annexure B**).

4.3 Conflict of interest

Councillors have an overriding duty to avoid conflicts between the duties owed to the RAS and any other duties or interests to which the Councillor may be subject. It is not always practical or possible to avoid every conflict, but the key issue is whether the conflicting interests are so great as to prevent the Councillor from bringing an independent judgement to bear on the relevant decision. Councillors are required to provide an annual confirmation of disclosure concerning related party transactions (**Annexure A**).

4.4 Staff guidelines on ethical conduct

Guidelines on ethical conduct are prescribed in the Employee Handbook available to all staff on the RAS intranet. This Handbook sets out the standards and expectations with which each employee is required to comply (**Annexure C**). The Handbook is made available to all employees as part of their induction process. Staff are required to sign an employee induction checklist at the end of their training to ensure that they have read and understood the Employee Handbook and all related material. The Council endorses this document and the process of induction that reinforces it.

4.5 Values, purpose and mission statement

This statement is placed on the RAS website (**Annexure D**) and in a similar format is part of the employee induction process.

4.6 RAS policies

There are various other policies and systems on the RAS intranet that ensure confidence in the RAS' integrity, including:

- Equal employment opportunity policy
- Occupational health and safety policy
- Performance feedback and review systems
- Career assessment
- Professional development support
- Harassment policy
- Exit interviews
- Privacy procedures
- Complaint handling (grievance) procedure

4.7 Responsibility and accountability of individuals

Upon election, the Councillor is required to sign a Directors and Officers liability form. This form acknowledges the Councillor's understanding of:

- The provisions of the Corporations Act; and
- The definition of Wrongful Acts and the liability involved.

An indemnity clause is provided in Rules 109 and 110. This places the responsibility on the individual for any negligent acts performed through his/her own dishonesty, wilful act or default.

The Employee Handbook outlines the disciplinary policy for acts of misconduct by an employee. The RAS follows a three step disciplinary action procedure that is designed to be corrective rather than punitive.

4.8 Investigating and reporting on unethical practices

The RAS is strongly committed to maintaining an ethical workplace, complying with legal and ethical responsibilities. The RAS Employee Handbook requires staff to report fraud, corrupt conduct, maladministration or serious and substantial waste by others. A system has been established (the complaint handling system) which allows staff to remain anonymous, if they wish, for the reporting of these matters. In respect of complaints from RAS members or parties external to the RAS these matters are usually investigated and reported upon by the General Manager - Finance and Administration (GMFA) to both the Chief Executive and the Treasurer.

Section 5: Financial reporting integrity

5.1 Board members to ensure financial statements are true and fair

Each year the Board is to ensure that the RAS' financial statements:

- (a) give a true and fair view of the financial performance for the year completed
- (b) give a true and fair view of the financial position of the RAS at the end of the year

The Board is required to also ensure and state that there are reasonable grounds to believe that the RAS will be able to pay its debts as and when they fall due.

The Chief Executive and GMFA are to confirm the internal processes are operating effectively and giving a true and fair set of financial statements in an annual document to the Audit Committee, Board and auditors (**Annexure E**).

The Board are to ensure the financial statements are audited by a competent and independent auditor

5.2 Annual report to members

Each year the Board is to ensure the annual financial statements and report are provided to Council and the members ahead of the annual general meeting.

5.3 RAS Audit Committee

The Board appoints an Audit Committee, chaired by the Treasurer, and containing at least 2 other members who are Councillors or Board members. The Board is to review the Audit Committee charter (**Annexure F**) and the membership of the Committee annually. They make any changes they consider desirable or necessary.

The Audit Committee meets at least twice per annum. The Audit Committee also meets with the auditors independently of Management at each of these meetings.

Section 6: Disclosure of information

6.1 Publication of financial statements

The Audit Committee will assess the financial statements and make a recommendation to the Board as to whether they should be signed. In line with not for profit organisations generally the RAS will continue to prepare special purpose financial statements. The Board is to ensure that the Annual Report to members, which contains the financial statements, is distributed to Council and to members in reasonable time ahead of the annual general meeting.

6.2 Report on corporate governance

The Board is to ensure that the annual report to members includes a section on RAS corporate governance compliance (**Annexure G**).

Management will provide an annual report to the Audit Committee on corporate governance compliance. The Audit Committee will review the requirements of corporate governance annually and recommend any changes to the Board and Council.

Section 7: Member rights

7.1 Role of the Council and Board with respect to the members

The Council and Board must ensure the rights of the members are protected. In this regard the Chief Executive must ensure that:

- the members receive regular communications on the activities of the RAS, the benefits available to members, membership and renewal information, and new Councillor appointments;
- a membership information pack is sent out annually at the time of renewal;
- members are advised of the details of the Annual General Meeting (AGM); date and time and any associated functions designed to encourage member attendance at the AGM. In line with the requirement of Rule 24 ensure that AGM advertisements are placed in 2 Sydney newspapers at least 5 weeks prior to the AGM;
- the provisions of Rules 5 to 23 are carried out on behalf of the members;
- members' suggestions are given due consideration;
- members' complaints or queries are fully and fairly considered;
- the external auditor attends the AGM and is available to answer questions on the conduct of the audit; and
- the RAS website is utilised for increased or complementary communication to members, including the annual report, AGM meeting dates, AGM meeting minutes and members notices

The President will provide a report to the AGM for the benefit of members and conduct the AGM according to the provisions of Rules 27 to 29.

Section 8: Risk Management

8.1 The Board responsibility

The Board is responsible for establishing and reviewing policies on risk oversight and Management.

8.2 Risk Management

Financial and operational risk at the RAS is managed in the following ways:

- Financial – external audit of the annual accounts per Rule 100 – reviewed by Audit Committee
- Financial – internal and external audit of the RES revenue per Rule 100 – reviewed by Audit Committee
- Financial reports for every Board meeting and forecasts, budgets and longer term financial plans enable financial issues to be promptly identified and, where possible, anticipated
- Management reports enable issues to be promptly identified and addressed
- Capital expenditure approval policies are set by the Board subject to Rule 68(b)(i) which requires Council approval of expenditures above \$200,000.
- Investment policy is set by the Board on recommendation of the Audit Committee
- A comprehensive insurance program is in place and is reviewed annually by the Board with the GMFA and the RAS insurance broker
- The purchase order system contains internal controls including \$ limits on authorisation levels.
- The Chief Executive manages operational risk through the General Managers. Current policies and programmes include:
 - Occupational health and safety*
 - RAS emergency plan*
 - Asset Management plan*
 - Information Technology disaster recovery plan#
 - Security risk assessment including the RES*
 - RAS environmental plan*

*These policies are determined by the General Manager – Venue Operations.

#This policy is determined by the GMFA.

Inspections, audits or reviews by external experts are conducted from time to time in most of these areas of risk Management.

- An annual risk report will be submitted to the Board that identifies key business risks; determines responsibilities and risk mitigation activities for each key business risk; outlines the oversight, risk Management and risk profile; and compliance, control and assessment of effectiveness. This report will ensure internal operating and external risks are identified, assessed, addressed and monitored to minimise risk in the achievement of the RAS' business objectives. This report will document how the RAS complies with legislation relevant to its operations and how the RAS monitors and ensures compliance.

8.3 Financial Statement to Board by Management

As referred to in 5.1 above and detailed in **Annexure E**, the Chief Executive and GMFA are required to provide a statement to the Board that includes a section on risk Management and internal compliance and control.

8.4 Security of the RES

Due to the significance of the event the Board will review the security arrangements in advance of each RES with the Chief Executive and the GMVO.

8.5 Legal and Compliance

The GMFA, through the Manager – Legal, is responsible for ensuring the RAS keeps up to date with changes to laws and regulations and that legal compliance training programmes are carried out as required. An example is the regular trade practices compliance training and manual and initial compliance training for the provisions of the Privacy Act and the SPAM Act. The Manager – Legal sets and communicates policies for contract conditions that minimise the RAS' risk exposure. Where appropriate the RAS seeks and obtains expert external legal and insurance advice.

The RAS requires all volunteers, sponsors, contractors, vendors, staff, etc. to sign conditions and guidelines before any activities on the site.

The RAS ensures there are sufficient visible signs providing patrons and others with relevant warnings upon entering the site.

The Chief Executive is to ensure the Board is kept apprised of all legal cases in which the RAS is involved and those matters that could become legal cases.

8.6 Taxation compliance

The RAS is a not for profit organisation. The GMFA is responsible for ensuring the RAS complies with all NSW and Commonwealth Government taxation laws and seeks and obtains expert external taxation advice when needed, including an annual meeting with the Board for this purpose.

Section 9: Enhancing Board performance

9.1 Evaluation of Board effectiveness and member performance

The Board should strive to continuously improve their own effectiveness. This requires regular evaluation of the effectiveness of the operations of the Board and of each member individually.

9.2 Evaluation of key Management

The Board must evaluate the performance of key Management. This is facilitated through the Remuneration Committee, which annually reviews the performance of the Chief Executive, the General Managers and other key executives. The Board will meet without the Chief Executive present at least once per year.

9.3 Induction of new Board members

The President and senior Management will provide all new Board members with induction training. This training should include the RAS' strategies, business operations, financial performance and key performance indicators, market environment, risk Management systems and regulatory framework.

9.4 Continuing education

Board members should have access to continuing education to update and enhance their skills and knowledge relevant to fulfilling their tasks as Board members.

9.5 Access to external legal advice

A Board member is entitled to access to independent external legal advice (at the expense of the RAS) on matters relevant to the discharge of the member's duties or powers. A Board member wishing to access such advice must first advise the President and the Chief Executive.

9.6 Access to RAS' books

A Board member, like any Councillor, has a right to inspect documents of the RAS. A Board member also has a right of access to all RAS information necessary to discharge his or her fiduciary obligations. This right is subject to limitations:

- The right is conferred to enable a Board member to discharge his or her fiduciary obligations and is limited to those purposes
- The information obtained by the Board member may be used only for the purposes of the RAS
- Once the Board member ceases to hold office as a Board member or Councillor, he or she cannot claim that continued access to RAS information is necessary to enable him or her to perform any ongoing fiduciary duty to the RAS

The Chief Executive retains a copy of all Board papers (including any documents tabled at Board meetings), which may be accessed by Board members, on request.

9.7 Enhancing Board effectiveness

Further factors that will enhance the effectiveness of the Board are:

- The preparation of quality Board papers. The Chief Executive and President must ensure that Board papers contain sufficient information to enable the Board to understand the financial and operating performance of the business, the effectiveness of risk Management systems and the prospects of the business (i.e. budgets, forecasts and business plans).
- The agenda must be sufficiently flexible to allow Board members to raise matters for discussion at short notice (including during Board meetings), however it is highly desirable for all items for discussion at the meeting to be identified before the meeting so that Management is given a reasonable opportunity to prepare papers or other material relevant to the discussion.
- The agenda will be agreed by the Chief Executive and President. Board members who wish to add matters to the agenda should raise the matter with the president, if practicable, at least 2 weeks prior to the meeting.
- Board papers should be distributed to Board members at least 5 business days before the meeting.
- Board meetings should be of sufficient length to permit a full discussion of matters on the agenda.

Section 10: Remuneration and Councillor protections

10.1 Councillor and Board member remuneration

Councillors and Board members receive no remuneration per the Rules, except for reasonable travel, accommodation and sustenance expenses incurred in attending to the affairs of the Society and subject to guidelines or approval by the Board.

10.2 Directors and Officers Liability Insurance

The RAS secures Directors and Officers liability insurance for all Councillors in connection with their roles at the RAS on a best endeavours basis. The GMFA is able to provide details of this insurance on a confidential basis, if requested.

Councillors should immediately notify the Chief Executive should they become aware of any circumstance that might lead to a claim being made under the policy.

10.3 Councillor indemnities

Rules 109 and 100 provide an indemnity in favour of Councillors, employees and agents of the RAS.

10.4 The RAS Remuneration Committee

Rule 103 states that it is the duty of the Chief Executive to propose, for approval by the Board, policies and plans relating to Management structure, staffing levels, staff remuneration policies and levels. This is achieved in an overall sense through the review of the annual budget.

The Board is to establish a Remuneration Committee for consideration of the Chief Executive's annual staff review. The Committee is made up of the President, the Treasurer and one other Board member. The Board is to review the Remuneration Committee charter (**Annexure H**) annually.

Rule 106 states that the Board reviews the remuneration of the Chief Executive. This is achieved annually through the Remuneration Committee.

Annexures

- A. Councillor related party transaction disclosure notification**
- B. Councillor commitment document**
- C. Staff handbook section on ethical dealing with others**
- D. RAS mission, purpose and values statement**
- E. Statement to the Board by the Chief Executive and GMFA**
- F. Audit Committee charter**
- G. Proposed annual report on corporate governance to members**
- H. Proposed Remuneration Committee charter**

Annexure A

Related Party Transaction Notification

Dear Councillor,

As part of our 2004 year-end annual report to members, the Society is required to disclose all related party transactions and relationships.

We therefore ask all Councillors to disclose any interest they may have with organisations and the Society's dealings with them for the year ended to 30 September 2004. Accordingly would you complete this form, sign it and return it to Rachel Bundock before the end of this financial year, 30 September 2004.

If you have nothing to disclose, please confirm that to us by signing the second statement below and returning the form to Rachel per the above.

If you have any queries in relation to the completion of this form please do not hesitate to call me.

Regards,

Graham Neal

General Manager Finance and Administration

Name of Company/Organisation that deals with the RAS of NSW	Councillor relationship (Director, chairman, owner, employee, supplier,etc)	Nature of transactions during the year
1.		
2.		
3.		
4.		
5.		
6.		

I confirm that all dealings of these organisations with the RAS are on arms' length commercial terms, or terms more favourable to the RAS,

.....
Signature

.....
Councillor Name

...../...../.....
Date

Or, I confirm that I have none of the above defined relationships,

.....
Signature

.....
Councillor Name

...../...../.....
Date

Annexure B

Councillor commitment

1. This paper is intended to inform candidates submitted for election to the RAS Council of the level of commitment that will be expected of them.
2. During the Royal Easter Show, a Councillor is expected to attend the Show on most days and be available with whatever tasks are required to be performed to ensure that the relevant section(s) operate(s) smoothly. These tasks vary between sections, and are determined by the Sectional Committee.
3. In the period between Shows (generally referred to as "out of Show") the Councillor is expected to attend:
 - (a) at least 4 of the 6 Council meetings that would normally be held during the year, and
 - (b) at least 65% of the meetings of each Committee of which that Councillor is a member.

Committee meetings do not necessarily coincide with Council meeting dates. Accordingly, there may be a need to attend Committee meetings (usually, but not always, held at the Showground) at times between Council meetings.
3. The role of Councillor also involves a financial commitment. Whilst an allowance is payable to Councillors residing outside the County of Cumberland for travel and paid accommodation for attendance at Council meetings, it is inevitable that a Councillor will incur other expenses for which no reimbursement is available. The President will review all attendances annually.
5. The collegiate feeling within the Council is one of its most important and valuable characteristics. Each Councillor is expected to participate wholeheartedly in the affairs and activities of the Council and the RAS, so that he/she absorbs the collegiate spirit and becomes a valuable and integral part of the team.

Understood and accepted

.....
(Name)
Date: / /

Annexure C

Employee Handbook extract - Code of Conduct

11. ETHICAL DEALINGS

RELATIONSHIPS WITH CLIENTS AND EACH OTHER

The Royal Agricultural Society of NSW ("RAS") operates in a very competitive industry. Your performance and contribution will ensure our progress and reputation continues.

- Our commitment is **SERVICE, QUALITY, CONSISTENCY** and **PRIDE** in what we do.
- Communication between all employees, especially between employees and Managers, must be open and honest if our workplace is to retain harmony.
- Every employee is an important part of our dedicated team. Our success relies on a relay of activities and resources. Every action the employee takes will either add or detract from the commitment we make to our customers.
- In all our dealings with customers and each other, we strive to treat one another with the utmost respect, courtesy and professionalism.
- We promote safe and healthy conditions in the workplace and one that is free from illegal harassment. The employee too has an obligation to act in a safe and healthy manner. The employee must notify Management if they feel any aspect of their job or the Society's activity is unsafe. Additionally, any incidents of harassment or exclusion must be immediately brought to Management's attention.

EXPECTED BEHAVIOUR

At all times, the employee's personal conduct and professional behaviour should be guided by the following principles:

- Conduct oneself with honesty and integrity.
- Demonstrate a willingness to cooperate with any lawful instructions from the Manager or Supervisor.
- Perform one's work to the highest standard possible in an efficient, effective and timely manner.
- Adhere to all Society policies and procedures, regardless of one's personal views towards them.

CLIENT RELATIONSHIPS

Sound working relationships are imperative to the continued success of our Society. The employee should be mindful of their behaviour, its impact on others or the customer account when undertaking any business dealings.

The employee is expected to follow the guidelines outlined below:

- Be pleasant and personable
- Be courteous
- Conduct oneself and one's business in a professional manner.
- Avoid behaviour, which could lead to the exploitation of another person and/or the business undertaken.

CONFLICT OF INTEREST

An employee of the Society engaged in any activity which adversely prejudices his/her ability to carry out his/her responsibilities in the best interest of the Society, or which benefits others in competition with the Society, is considered to have a conflict of interest.

It is the employee's responsibility to avoid any financial or other interest which could compromise their ability to undertake their business dealings impartially.

Potential conflict of interest situations arise when it is likely that the employee could be influenced, or it could be perceived that the employee is influenced by a personal agenda during the course of their work.

Situations may include:

- Financial interests in a particular product, business, etc, that the RAS deals with.
- Access to information, which can be used for personal gain.
- Secondary employment or other activities outside the workplace which may impact on the RAS.
- Management of another organisation.
- Conducting business in competition with the Society.
- Purchasing goods at staff discount rates and selling them for the employee's benefit.
- Distributing to others written or verbal information detrimental to the operation of the Society.
- Conducting any business using Society resources for personal gain.

GIFTS, BENEFITS AND BRIBES

The RAS primary objective is to compete in the marketplace based on a superior product and service at a competitive cost. The acceptance of gifts and/or benefits may result in, or, give the impression of, influencing the employee in their dealings with a certain person or Society. Therefore, it should be avoided where it may compromise future dealings.

Where refusing a token gift would offend the individual or affect future business, and the value of the gift would be considered insignificant, then the employee should:

- Indicate that they are accepting the gift on behalf of the Society; and
- Declare all items to their Manager if its value is over \$50.00.

Further, the employee is prohibited from submitting to or accepting a bribe in any manner or form, which may directly or indirectly favour the obtaining or retaining of business.

In addition, if the employee is involved in sensitive dealings or has access to sensitive information, and / or is involved in tendering / purchasing / contracts, etc. they should be particularly aware of attempts to influence them.

CODE OF ETHICS

The RAS will conduct its affairs and business dealings with honesty and integrity and employees must also abide by the Society's Code of Ethics.

If the employee thinks another employee is doing something dishonest or breaking policy or procedure they must inform their Supervisor, Manager or another Senior Manager in the group where appropriate.

Any employee who raises an allegation of a breach of policy must be assured that there will be no personal repercussions as the RAS takes these matters very seriously.

Failure by an employee to report a known breach of policy or procedure in accordance with this statement shall itself constitute a breach of policy.

CONFIDENTIAL INFORMATION

Whilst employed with and following any departure from the Society, you must not divulge or use, either for your own benefit or that of others, any confidential information about the Society or its affairs acquired during employment with us.

Confidential information refers to information (written, verbal or electronically stored) of commercial, technical or financial type, which is not publicly available.

All Managers, head office staff and others with access to commercially sensitive information are required to complete a Confidentiality and Restraint Agreement.

CONFIDENTIALITY AND RESTRAINT POLICY

All staff members who hold managerial positions or have access to more commercially sensitive Society information will be required to sign the "Confidentiality and Restraint Agreement" in the following circumstances:-

- On joining the RAS as a new employee.
- On assuming another position within the Society whether it be by promotion, job rotation, significant position description change or other.

At least (but not limited to) the employees holding the following positions are required to sign the "Confidentiality and Restraint Agreement":

- Chief Executive and General Managers
- All Finance staff
- All Sales staff
- All Head Office staff
- All key service staff with access to customer information / prices etc.

If the Society deems it necessary, employees holding other positions not listed above will be required to sign the "Confidentiality and Restraint Agreement".

The parties will sign two original "Confidentiality and Restraint Agreements". One of the originals is to be handed to the employee and the other is to be kept on the Society's personnel file of the employee.

A copy of the agreement is to be sent to the General Manager - Human Resources to be kept on a central file containing all such "Confidentiality and Restraint Agreements".

RAS PROPERTY

All property of the RAS including intellectual property rights, moral rights, documents and copies of documents created by you, whether in physical, electronic, computerised or other form or which comes into your possession or control during the course of your engagement vests in and remains the property of the RAS. All such property must remain with or be returned to the RAS upon the termination of your engagement at the RAS.

OFFICIAL COMMENTS

The employee is not permitted to make any official comment regarding the RAS and/or its business dealings, clients, etc unless they are:

- Authorised by the Society to do so in writing;
- Giving evidence in court; or
- Required by law.

Where the above conditions are met, the employee should ensure that their personal views are not presented or interpreted as Society policy.

Annexure D

RAS mission, purpose and values statement

Our mission

Taking Excellence in Australian Agriculture to the Community

Our purpose

- To encourage the sustainable development of agriculture by holding events and competitions that support agricultural excellence and innovation.
- To expand and promote our role as a key constructive influence in Australian agriculture, its development and education.
- To manage, market and maintain Sydney Showground effectively to ensure our sustained economic viability.

Our values

- We are proud of our history and achievements.
- Our purpose of encouraging the sustainable development of agriculture is fundamental to everything we do.
- We respect and value the contributions of all our volunteers at every level. Our success is based in strong individual commitment and our ability to work together as teams.
- We care for and maintain our facilities and assets because we know they are vital to our long-term performance.
- We understand the need for strong working relationships with people and organisations having mutual interest and we work hard to develop and maintain them.
- Our customers are our business.

Annexure E

**Statement to the Board of the RAS by the Chief Executive
and the General Manager – Finance & Administration**

Financial reports for the financial year ended

We submit for your approval the financial reports for the financial year of the Royal Agricultural Society of NSW (RAS) that ended

As Chief Executive and General Manger – Finance and Administration respectively of the RAS, we confirm to you that the RAS' financial report presents a true and fair view in all material respects of the RAS' financial condition and operational results and is in accordance with relevant accounting standards.

In the same capacity, we confirm that the financial report is founded on a system of risk Management and internal compliance and control which implements the policies adopted by the Board and that the RAS' risk management and internal compliance and control system is operating effectively in all material respects.

Yours sincerely

Chief Executive

General Manager – Finance & Administration

Annexure F

Audit Committee charter

Purpose

The RAS Audit Committee has been established to assist the Board and Council to fulfil their corporate governance financial and compliance obligations, and in particular to ensure:

- The adequacy and effectiveness of the RAS' accounting systems and internal controls
- The adequacy of the RAS' system for compliance with relevant laws, rules and standards, including corporate governance
- The integrity and quality of the RAS' financial information
- The independence, objectivity, scope and quality of the internal and external audit
- The security and effectiveness of the RAS' investment policy and banking arrangements.

Membership

The Audit Committee will comprise at least three members approved by the Board, one of whom is the Treasurer and who must all be Councillors of the RAS. They must be financially literate, at least one member must have an accounting or associated financial Management expertise and they must be independent of Management. The Chairman of the Committee will be the Treasurer.

The Committee may invite any executive Management or other individuals (including representatives of the external auditors) to attend meetings of the Committee.

Meetings

There will be at least two meetings of the Committee each year, one after the RES and one prior to the annual report to members. The Treasurer may convene additional meetings as necessary or desirable for the Committee to carry out its responsibilities.

The Committee should meet with the auditors independently of Management at the end of the two key meetings outlined above.

Papers will be distributed to members at least in the week prior to the date of the meeting.

A quorum will comprise two members. In the absence of the Treasurer, the members in attendance may elect one of them to chair the meeting.

Reporting

After each meeting of the Committee the Treasurer will report to the Board and Council:

- Any material findings and recommendations of the Committee
- Any matter that has come to its attention that may materially impact the financial condition of the RAS

Minutes

Minutes of proceedings and resolutions of the Committee will be kept by a person nominated by the Treasurer. Minutes will be distributed to all Committee members,

after the Treasurer has given preliminary approval. The minutes will be distributed to the Board and Council.

Duties and responsibilities

The Committee's key responsibilities are to oversee the RAS' financial reporting and internal control systems. The Committee is not responsible for:

- The day to day tasks involved in ensuring the accuracy of the accounts or financial statements
- Designing internal controls or systems
- The day to day tasks involved in monitoring the implementation of internal controls

External reporting

The Committee will review and assess the external reporting of the RAS and in particular will:

- Evaluate any significant changes to accounting standards and regulatory requirements that may relate to the annual report to the members
- Review and assess information from internal and external audits that may affect the quality of the financial reports
- Review and assess the annual statement from the Chief Executive and the GMFA in respect of the financial statements (**Annexure A**)
- Meet with Management and the external auditors to review the financial statements and results of the audits.
- Review the financial statements and assess whether they are complete, reflect appropriate accounting policies, contain adequate disclosure and are consistent with the information known to Committee members
- Based on the assessment by the Committee, recommend to the Board whether the declaration concerning the financial statements and the RAS' ability to pay its debts as and when they fall due should be signed

Internal control and risk Management

The Committee should be aware of the current areas of greatest financial risk and ensure Management are effectively managing those risks. In relation to these areas the Committee should assess whether the RAS has an effective risk Management and internal control system in place. The Committee should receive reports from Management regarding any actual or suspected breaches of laws. The Committee should ensure that the Board and, as appropriate, the Council are aware of any matters that might have a significant impact on the financial condition of the RAS.

External audit

The Committee will oversee the selection, appointment and termination of an external auditor and will make recommendations to the Board on the appointment of the external auditor. The Treasurer must consult with the GMFA before the Committee making a recommendation to the Board regarding the appointment of an external auditor. The external auditor selected must be independent and be able to satisfy the Committee as to the procedures it has in place to ensure independence. In particular, the external auditor must satisfy the Committee each year that its approach to the provision of non-audit work to the RAS does not compromise its audit independence.

The Committee will also:

- Review and agree the terms of the engagement for the external auditor
- Review the scope of the external audit with the external auditor, including identified risk areas and, if applicable, any additional agreed upon procedures
- Monitor the activities and performance of the external auditor, including appraising the quality of the audit work, reviewing the auditor's assessment of financial statement materiality and enquiring as to whether Management has cooperated with the external auditor
- Review external audit findings in respect of any significant deficiencies or weaknesses in controls and ensure that Management agrees to and implements appropriate corrective action.
- Review and assess any non audit services provided by the external auditor and whether they have the potential to impair the external auditor's independence.
- Review the fees paid to the external auditor
- Review Management's responsiveness to audit findings and recommendations
- Meet at least annually with the external auditor, without the presence of Management
- Seek the external auditor's views on the effectiveness of the RAS' governance arrangements

Compliance

The Committee should:

- Review and assess the effectiveness of the RAS' systems for identifying, managing, monitoring and reporting compliance with laws, regulations, licences, standards and internal policies
- Review and assess Management's response to any reported incidents of all actual and suspected frauds, thefts, material non compliance with laws, regulations, licences, standards and internal policies

Annexure G

Corporate Governance

(A section of the annual report to members)

The RAS is a not for profit organisation established by an Act of the NSW Parliament in 1869. Its constitution is that Act and the Rules that are from time to time amended by the Council. The key stakeholders are the members. The governing body is a Council whose members are elected at the annual general meeting of the members.

The Board is a Standing Committee of Council and as such it is not the peak body of the RAS. Whilst it has most of the responsibilities under the Rules of a normal corporate Board it is answerable to the Council and the Council is answerable to the members. The Board members are elected by the Council.

The Council and Board of the RAS have adopted a formal statement on the corporate governance framework and policies of the RAS. This statement is subject to annual review and includes:

- The roles and responsibilities of the Council, Board and Management.
- The composition and size of the Board. The Council and Board members are listed at the end of the annual report. The only executive member is the Chief Executive.
- A code of conduct for the Council, Board members and Management.
- An Audit Committee of the Board ensures the RAS remains committed to financial integrity in its reporting.
- The Board is responsible for reviewing and publishing the annual report to members in a timely and informative manner.
- The Board and Management ensure that the members' rights are protected and that the members are kept informed.
- The Board oversees the review and establishment of appropriate risk management policies for the RAS activities.
- The performance of the Management is reviewed annually by the Remuneration Committee of the Board.
- Councillors and Board members serve without remuneration and staff remuneration is reviewed annually by the Remuneration Committee of the Board.
- A Strategic committee of Board and Council ensures the RAS continues to develop long term plans that will enhance the RAS objectives and take advantage of growth opportunities.

Annexure H

Remuneration Committee Charter

Purpose

The Committee is to assist the Board to fulfil its responsibilities in ensuring that the RAS has appropriate remuneration practices for staff.

Role

The role of the Committee is to:

- Review and assess the remuneration policies and practices of the RAS
- Review and assess recruitment, retention, succession planning, key person risk, performance Management and termination policies of the RAS and monitoring their implementation
- Review and ratify the remuneration of the Chief Executive and the staff
- Review and assess the performance of the Chief Executive and the senior executives

Membership

The Committee will comprise the President, the Treasurer and one other Board member. The Committee may invite any executive Management to attend meetings of the Committee.

Meetings

The Committee must meet at least once per year, before the end of the financial year and around the time of a Board meeting to review the staff salary proposals from the Chief Executive and the Chief Executive's remuneration. It shall meet at other times as required.

Papers will be distributed to the Committee members by the Chief Executive at least one week prior to the meeting.

A quorum will comprise two members.

Reporting

After each meeting of the Committee the President will report to the Board any material approvals, reviews and recommendations of the Committee.

Minutes

Minutes of proceedings and resolutions of the Committee will be kept by a person nominated by the President. Minutes will be distributed to all Committee members, after the President has given preliminary approval.