

# Board Charter of Sub-tropical Dairy Programme Ltd

ACN 080576076

April 2018

## ***Introduction & Purpose***

The Board of Sub-tropical Dairy Programme Ltd acts in the interests of its major stakeholders – dairy farmers, state dairy farmer organisations and Dairy Australia – in accordance with this Charter.

The purpose of the Charter is to set out the role, composition and responsibilities of the Board of Sub-tropical Dairy Programme Ltd within its governance structure. Sub-tropical Dairy Programme Ltd operates within a governance framework of the Corporations Act (2001), its Constitution and its Funding Agreement with Dairy Australia.

The Board will act in good faith, honestly, diligently, with integrity, in the best interests of Sub-tropical Dairy Programme Ltd and in accordance with the law. It will also strive to promote and maintain an environment within Sub-tropical Dairy Programme Ltd that has these principles as basic guidelines for all employees and contractors.

## ***Responsibilities***

The Board is responsible for achieving the objects of Sub-tropical Dairy Programme Ltd as set out in the Constitution. More specifically, the Board's responsibilities are:

- Reviewing and approving the strategic direction and financial objectives of Sub-tropical Dairy Programme Ltd;
- Providing input into and approving strategies, budgets, plans and policies and assessing performance against strategies to monitor both the performance of Sub-tropical Dairy Programme Ltd as well as the continuing suitability of strategies;
- Reviewing and monitoring processes and controls to maintain the integrity of accounting and financial records and reporting and approving financial results and reports;
- Appointing the Executive Officer, monitoring and reviewing his/her performance and overseeing succession planning;
- Reviewing remuneration paid to the Executive Officer and remuneration paid to other staff to ensure consistency with responsibilities, performance and market rates;
- Ensuring risks are assessed and that strategies are in place to manage them;
- Ensuring that there is effective corporate governance structure and monitoring of performance to ensure high standards of compliance, corporate behaviour and social responsibility;
- Open and transparent accountability to all stakeholders, particularly regional farmers, state farmer organisations and Dairy Australia;
- The Board will use best intent to operate under the agreed terms of the Regional Services Delivery and Support Services Accord, an agreement between Dairy Australia and RDPs.

- Ensuring that the Regional Development Program operates in accordance with its Memorandum of Understanding, including that appropriate consultation takes place between it and the state dairy farmer organizations;
- Monitoring the balance of skills and experience on the Board.

### ***Powers***

The Board will exercise the matters specifically required of it in the Constitution, the Funding Agreement or otherwise by law. Other specific matters the Board will exercise are:

- Appoint the Executive Officer and determine his/her terms and conditions of employment;
- Approve the Strategic Plan, Annual Operating Plan and budget;
- Review and approve the key performance indicators and the remuneration of the Executive Officer on an annual basis;
- Review and approve the remuneration policy to be adopted for other employees;
- Approve the authorities delegated to the Executive Officer and any changes required to them;
- Any matters in excess of those delegated to the Executive Officer;
- Objectively assess funding proposals put forward to the Board;
- Evaluate the performance of the Board and its Committees.

### ***Board Membership***

In accordance with the Constitution, the Board shall comprise at least 6, but no more than 9, directors.

There is to be a balance of skills and experiences having regard to the nature of Sub-tropical Dairy Programme Ltd's business.

The Board will follow the procedure outlined in the Constitution for rotation of Directors.

All Directors undertake to conduct their responsibilities in accord with this Charter and to the highest professional standards.

Directors are required to advise Sub-tropical Dairy Programme Ltd of relevant interests and to ensure that any matter which could present a conflict of interest is advised to the Board.

Directors should address any matters of concern individually to the Chair or the Board. Any contact concerning sensitive or confidential matters to any other party should only occur with the prior knowledge of the Chair unless in the judgment of the Director extenuating circumstances require otherwise.

### ***Board Committees***

The Board may establish other Committees as required to assist it exercise its responsibilities. All Committees are to have their own charter including reporting responsibilities to the Board, composition, responsibilities and membership.

### ***Meetings***

The Board will generally meet bi-monthly and Committees will meet as determined by their Charter. All Directors are expected to attend meetings of the Board and also of any Committees on which they serve.

The Agenda will be reviewed by the Chair at least seven days before a Board Meeting.

Papers prepared for Board and Committee meetings are generally provided to Directors 5 days prior to the meeting.

The Chair of each meeting will allow free and open discussion of matters being considered.

### ***Performance Evaluation***

The Board will undertake an evaluation of its performance on an annual basis. The evaluation will take account of its performance in relation to this Charter and to ensure that it operates in line with accepted practice for Boards.

### ***Accountability***

Given the compulsory nature of levy payments and the substantial funding provided by Dairy Australia, the Board recognizes the significant responsibility of reporting to its stakeholders in an open and transparent manner. As well as meeting its statutory requirements for reporting, it will ensure it provides appropriate reporting of relevant information which demonstrates the benefits of Sub-tropical Dairy Programme Ltd's activities and that all queries to Sub-tropical Dairy Programme Ltd are responded to in an effective manner.

### ***Publication***

This Charter will be published on the Sub-tropical Dairy Programme Ltd website and any amendments will be updated. A copy will be made available to stakeholders if requested.

# Code of Business Conduct & Ethics

Sub-tropical Dairy Programme Ltd aims to maintain a high standard of ethical business behaviour at all times.

The purpose of the Code of Business Conduct & Ethics is to establish the ethical standards by which Directors, the Executive Officer and employees are expected to abide. The standards go beyond compliance with laws and regulations to embrace Sub-tropical Dairy Programme Ltd's values and commitments to its stakeholders.

## ***1. Complying with the law***

Individuals must be cognisant of compliance requirements relevant to their position and at all times:

- Comply with these laws, rules and regulations applicable to Sub-tropical Dairy Programme Ltd;
- Ensure that all contractual obligations are met;
- Cooperate fully with requests emanating from any relevant and properly constituted authority.

## ***2. Openness, integrity and fairness***

Conduct of activities on behalf of Sub-tropical Dairy Programme Ltd will be carried out to ensure:

- Openness, honesty and integrity at all times;
- All parties are dealt with fairly;
- All people are treated with respect and are not discriminated against on the grounds of race, religion, gender, marital status, age, political belief, sexual orientation or disability;
- Adherence to the truth and not knowingly make false statements.

## ***3. Protecting confidentiality and privacy***

Individuals must:

- Ensure that all confidential information relating to the Regional Development Program, staff, stakeholders and other third parties is not disclosed either inadvertently or deliberately unless required by law;
- Not use information gained in the course of their employment or position with the company for personal gain nor to obtain a benefit from any other person or business.

These obligations of confidentiality and privacy continue after an individual leaves a position at Sub-tropical Dairy Programme Ltd.

## ***4. Using position, resources and assets responsibly***

In undertaking duties at Sub-tropical Dairy Programme Ltd, an individual will:

- Apply and use their position and corporate resources and assets in a responsible manner;
- Not use the Sub-tropical Dairy Programme Ltd's name or information to further any personal or unauthorized business transaction by themselves or related parties;

- In accordance with the Funding Agreement with Dairy Australia, not undertake any agri-political activities;
- Use assets, including intellectual property, and facilities provided by the Regional Development Program for legitimate business purposes and keep them in good working order and properly protected.

### **5. Responsibility to individuals**

Sub-tropical Dairy Programme Ltd is committed to the fair and equal treatment of all its employees and abides by relevant employment laws.

Employees and candidates for employment shall be judged on the basis of their ability and qualifications without regard to race, religion, gender, marital status, age, political belief, sexual orientation or disability.

Each individual has the right to dignity and respect in the workplace and Sub-tropical Dairy Programme Ltd will not tolerate discrimination, including sexual, physical or verbal harassment or other demeaning behavior against any individual or group of people.

### **6. Acting responsibly on safety, health and the environment**

Sub-tropical Dairy Programme Ltd regard management of safety, health and the environment as an integral and very important part of business standards.

Injuries, occupational illnesses and environmental impacts can be prevented and all Directors and employees are expected to take personal responsibility for safety and environmental performance.

### **7. Avoiding conflicts of interest**

A conflict of interest describes any circumstances which could cast doubt on an individual's ability to act with total objectivity with regard to Sub-tropical Dairy Programme Ltd's interests. Directors and all employees should avoid financial, business or other relationships which might be opposed to the interests of Sub-tropical Dairy Programme Ltd or may conflict with the performance of their duties.

To deal with this issue:

- Individuals must immediately and fully disclose any actual or perceived conflict of interest;
- Directors and all employees should seek approval from the Chair's to serve in any capacity in a business, company or other organization if there is a possibility of an actual or perceived conflict of interest. Dealings with the company, suppliers and other parties are to be on an arms length basis to avoid the possibility of actual or perceived conflict of interest.

### **8. Gifts and entertainment**

Directors and all employees must not solicit or accept any gift, service or hospitality that may influence or appear to influence a business decision. Care and discretion is required when giving or receiving business related gifts and entertainment to ensure they are not excessive, abnormal or designed to create an inappropriate relationship.

Individuals must not use their position to seek personal gain from those doing, or seeking to do, business with Sub-tropical Dairy Programme Ltd.

If an employee or Director has any doubts in relation to receiving of providing gifts or entertainment, they should discuss it with the Chair.

## **9. Compliance with the Code**

In the interests of maintaining a culture of honest, law-abiding and ethical behaviour, it is important that any deviation from these standards is detected and reported and that appropriate action is taken.

Reporting of any alleged deviations should be directed to the Chair. It is incumbent on the Chairman that in the event of any such report that the identities of those involved be kept confidential and that the alleged deviation is thoroughly investigated. Contact on such matters to an external party should only be made under extenuating circumstances.

## **10. Reporting**

A report on the operations of the Code of Business Conduct & Ethics may be included in Sub-tropical Dairy Programme Ltd's Annual Report each year. This report will include how any material breaches were dealt with during the particular year.

**Acknowledgment and Undertaking**

I, \_\_\_\_\_  
(Full Name)

Acknowledge receipt of Sub-tropical Dairy Programme Ltd's Code of Business Conduct & Ethics.

I am aware of my responsibilities and duties in my position with Sub-tropical Dairy Programme Ltd and agree to abide by the conditions contained within the Code of Business Conduct & Ethics.

**Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

*Please return the completed form to the Executive Officer*

# Corporate Governance Statement

The Sub-tropical Dairy Programme Ltd corporate governance provides a framework within which:

- The Board of Directors is accountable to stakeholders for the operations and performance of the Regional Development Program;
- The risks of the business are identified and managed;
- Our long established values and behavior underpin the way we do business

## **1. Board duties**

The Board has identified key duties that will be carried out by the Board, with assistance, where applicable, from its Committees. The duties, as set out in the *Board Charter*, include:

- Reviewing and approving the strategic direction and financial objectives of Sub-tropical Dairy Programme Ltd;
- Providing input into and approving strategies, budgets, plans and policies and assessing performance against strategies to monitor both the performance of Sub-tropical Dairy Programme Ltd as well as the continuing suitability of strategies;
- Reviewing and monitoring processes and controls to maintain the integrity of accounting and financial records and reporting and approving financial results and reports;
- Appointing the Executive Officer, monitoring and reviewing his/her performance and overseeing succession planning;
- Reviewing remuneration paid to the Executive Officer and remuneration paid to other staff to ensure consistency with responsibilities, performance and market rates;
- Ensuring risks are assessed and that strategies are in place to manage them;
- Ensuring that there is effective corporate governance structure and monitoring of performance to ensure high standards of compliance, corporate behaviour and social responsibility;
- Open and transparent accountability to all stakeholders, particularly regional farmers, state farmer organisations and Dairy Australia;
- Ensuring that the Regional Development Program operates in accordance with its Memorandum of Understanding, including that appropriate consultation takes place between it and the state dairy farmer organization;
- Monitoring the balance of skills and experience on the Board.

## **2. Board structure**

In accordance with the Constitution, the Board shall comprise at least 6, but no more than 9, directors.

A Board Selection Committee endorse candidates for the Sub-tropical Dairy Programme Ltd board of directors based on skills, experience and industry knowledge.

The responsibilities and structure of the Selection Committee are set out in the *Selection Committee Charter*.

The Board Charter requires directors to report material personal interests that relate to Sub-tropical Dairy Programme Ltd's affairs and to advise all directorships held. Directors with

material personal interests in a particular Sub-tropical Dairy Programme Ltd activity are prevented from voting on that matter. The *Board Charter* also reminds directors of the requirement to comply with the company's *Code of Business Conduct and Ethics*.

Each year the Board is evaluated to assess their performance and skills.

Each year the Board will undertake at least half a days governance training. In addition, the incumbent Chair will undertake at least half a day's training or personal development.

All new directors will attend national director training when offered by Dairy Australia.

The Chairman is elected by the Board.

### **3. Code of Business Conduct and Ethics**

Our *Code of Business Conduct and Ethics* embodies our values and provides clear guidelines to ensure our commitments to stakeholders are met. Key elements of the Code include:

- Acting with openness, integrity and fairness;
- Protecting confidentiality and privacy;
- Using position, resources and assets responsibly;
- Responsibility to individuals;
- Acting responsibly on safety, health and the environment;
- Avoiding conflicts of interest
- Complying with the law and the Code.

Our Directors, the Executive Officer and employees are required to confirm their knowledge of, and compliance with, the Code.

### **4. Recognising and managing risk**

The Board has ultimate responsibility for risk management, compliance and control across the Regional Development Program. Specific responsibility for risk management and compliance has been delegated to the Audit Committee.

An Audit Committee assists the Board in relation to:

- financial reporting
- internal control structure
- risk management
- appointing, assessing and ensuring the independence of external auditors
- internal audit activities
- complaints in relation to controls
- breaches of the Corporations Act

In addition, the Executive Officer make representations that the financial reports represent a true and fair view, in all material respects, of the organisation's financial condition and operating results, in accordance with relevant accounting standards.

The Audit Committee's responsibilities are set out in the *Audit Committee Charter*.

## **5. Commitments to stakeholders**

We are committed to ensuring our commitments to stakeholders are met effectively and we communicate with stakeholders and encourage their participation in our activities. This includes:

- Communicating with stakeholders through newsletters, our website, events and an active presence in the media;
- Providing disclosure of AGM business in the organisation's Notice of Meeting;
- Posting the Notice of Meeting and explanatory material on our website;
- Holding our AGM at different locations around the region to facilitate participation;
- Requiring all Directors, the Executive Officer and employees to attend the AGM;
- Posting a summary of the AGM on our website.

## **6. Encouraging enhanced performance**

Each year, the Executive Officer's performance is assessed by the Board against agreed objectives.

Dairy Australia undertakes an independent review of the performance of the Board annually.

## **7. Remunerating fairly and responsibly**

The Board is responsible for reviewing remuneration arrangements for the Board themselves. Dairy Australia provides guidelines for attendance fees for both the Chair and members of Regional Development Programs Boards. These guidelines and rates for allowances and reimbursement are updated annually. Any additional remuneration arrangements for Board members are subject to approval at a general Board meeting.

The Board is responsible for reviewing and determining the remuneration for the Executive Officer and for all staff.

Sub-tropical Dairy Programme Ltd's objective is to provide maximum stakeholder benefit from the retention of a high quality Executive Officer and staff team by remunerating fairly and appropriately with reference to relevant market conditions.

The Executive Officer's remuneration is linked to operational performance and it is expected that this remuneration structure will:

- Align management effort with organisational objectives, and;
- Attract, retain and motivate quality management.

# Key Board Policies

To ensure the Sub-tropical Dairy Programme Ltd Board acts in agreement with its *Board Charter*, it operates in accordance with a number of key governing policies:.

## **1. Priority Setting**

It is the Board's responsibility to ensure a thorough and robust process of identifying research, development, extension and education priorities occurs on an annual basis and in close consultation with the state dairy farmer organization(s).

This process should occur in the period leading up to 31<sup>st</sup> March of each year – the month when the draft Annual Operating Plan (AOP) for the subsequent financial year, falls due with Dairy Australia.

The resulting draft Annual Operating Plan must be shared and supported by the state dairy farmer organization(s).

## **2. Strategic Planning**

In addition to the AOP, it is an expectation that the Board undertakes a regular (once every three years) review and update of the RDP strategic plan, to ensure the RDP shares common research, development, extension and education goals with all stakeholders.

## **3. Program Direction**

Following the completion of the research, development, extension and education issues identification, the Board will contribute to and sign off on a draft AOP and supporting program conduct and project budget each March, prior to the document's lodgment with Dairy Australia by 31<sup>st</sup> March.

This document is subject then to peer review and the final version of the AOP must be lodged with Dairy Australia by 30<sup>th</sup> June.

Prior to final lodgment, it is recommended the Board applies the Integrity model to this AOP to ensure it is:

- Comprehensible
- Feasible
- Accountable
- Sustainable

## **4. Program Conduct**

The AOP is supported by a budget covering activities of the Program Conduct, as a subset of the total budget allocated to Sub-tropical Dairy Programme Ltd by Dairy Australia. The AOP should also describe the dollar allocations of large project activities, which are contracted directly between Dairy Australia and the research, development, education or extension organisation carrying out the activities.

It is the Board's responsibility to determine what proportion of its total RDP budget allocation is to be spent on Program Conduct (which includes small projects up to the value of \$10,000)

It is the Board's prerogative to authorise any internal variations to the Program Conduct budget, within the amount contracted.

## **5. Project Budget**

All projects over the value of \$20,000 must be contracted directly between Dairy Australia and the person or entity conducting the research, development, education or extension.

Prior to the signing of such contracts, the Sub-tropical Dairy Programme Ltd Board must be able to demonstrate to Dairy Australia that the project is consistent with the research, development, education or extension priorities identified by the region and that the spend represents the best possible use of dairy farmers' levies.

## **6. Leverage**

It is expected that the Board will actively seek and encourage opportunity to use existing projects and activities to lever additional funding, for the greater benefit of the region's dairy farmers.

## **7. Stakeholder Relationships**

Sub-tropical Dairy Programme Ltd are committed to ensuring commitments to stakeholders are met effectively, there is strong communication with stakeholders and they encouraged to participate in RDP activities.

Sub-tropical Dairy Programme Ltd is generally considered as being representative of dairy industry opinion in relation to all issues relating to dairy research, development, extension and education. It is the Board's responsibility to develop and maintain a strong relationship with the region's research, development, extension and education professionals in order to optimise the communication between these practitioners and dairy farmers.

The Dairy Australia and Australian Dairy Farmers model is founded on an industry service organisation and the industry dairy farmer organisation working collaboratively to identify and respond to issues.

This principle extends to the regions, although acknowledges that most RDPs comprise Boards with special interest in research, development, extension and education and thus at a regional level, a greater responsibility for gathering these requirements falls to the RDPs.

Sub-tropical Dairy Programme Ltd is committed to communicating and collaborating closely with the state dairy farmer organization(s) as per the Memorandum of Understanding. This will ensure the development of priorities to ensure the national priority setting cycle is effective and the instances of duplications are minimised.

## **8. Delegation**

The Board has delegated to the Executive Officer, authority over the day to day management of the Regional Development Program, according to the *Delegated Authorities policy*.

The Sub-tropical Dairy Programme Ltd Delegated Authorities should be reviewed on an annual basis.

## Delegated Authorities

The Board has delegated to the Executive Officer, authority over the day to day management of the Regional Development Program. This delegation of authority includes responsibility for:

- Developing operating plans, budgets and strategies for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- Managing the Regional Development Program's current financial and other reporting mechanisms as well as its control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively;
- Ensuring that the Board and its committees are provided with sufficient information on a timely basis in regard to the Regional Development Program's business, to enable the Board and those committees to fulfill their governance responsibilities;
- Implementing the policies, processes and codes of conduct approved by the Board;
- Identifying and managing operational risks on a daily basis and formulating strategies for managing these risks for consideration by Board

The Sub-tropical Dairy Programme Ltd *Delegated Authorities* should be reviewed on an annual basis. As at <date> the Board delegates the following powers to the Executive Officer:

### 1. Capital expenditure and non-project related expenditure

- Capital expenditure - provided the expenditure does not result in the total capital expenditure budget being exceeded and the individual item amount does not exceed \$1,000.
- Property lease agreements - provided the expenditure does not result in the budget being exceeded or does not exceed \$10,000 per lease agreement.
- Other administrative agreements - provided the expenditure does not result in the budget being exceeded.

### 2. Disposal of assets

- Sale, disposal and write off of individual assets provided the written down value does not exceed \$1,000.

### 3. Employee relations

- Employment contracts, termination of employees, determine employee conditions and remuneration (within Board guidelines) and approve subordinate staff leave.

### 4. Administrative matters

- Authorisation of travel of subordinate staff.

### 5. Contracts relating to project expenditure

For projects that are included in the AOP:

- Contracts that do not cause the budgeted limit of the project to be exceeded by greater than 10% and does not result in the Regional Development Program budget being exceeded.

For projects that are not included in the AOP:

- Contracts, provided the total project cost does not exceed \$10,000 and provided the Regional Development Program budget is not exceeded.

## **6. Banking**

- Approve banking transactions relating to fund transfers made in accordance with nominated Board member as co-signatory;
- Co-sign cheques with nominated Board member ensuring invoice/expense has been approved and that the payee and amount being paid are supported by appropriate documentation;

## **7. Correspondence**

The Executive Officer is authorized to carry out communication with stakeholders that are regarded as being in the best interests of the Regional Development Program.

It is expected that the Executive Officer demonstrate sound judgement of items that require Board authorization prior to distribution.