

MOTORCYCLING NSW GOVERNANCE POLICY

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Title: Governance Policy

Creation Date: February 2023

Next Review Date: February 2026

Responsible Persons: Motorcycling NSW Board

Authority: MNSW may unilaterally introduce, vary, remove or replace this Policy at any time.

GOVERNANCE POLICY

1. INTRODUCTION

The day-to-day business of Motorcycling NSW Limited is managed by the CEO under delegation from the Board. The Board has the power to manage and govern MNSW's business and may exercise those of MNSW's powers that are not required, by the Corporations Act or by the Constitution, to be exercised by MNSW in general meeting. The Board is responsible for acting on all policy and finance issues and must act collectively in a way which is mutually beneficial to MNSW, the Members, the sport of motorcycling and the objects of MNSW throughout New South Wales and the Australian Capital Territory (ACT).

The Board is responsible for the appointment of a CEO who holds office on the terms and conditions and with the powers, duties and authorities, determined by the Board. The CEO is accountable to the Board.

The Board may from time to time establish and seek advice from a number of sports advisory committees, which shall be constituted in accordance with written instruments prepared by the Board. The committees and their members are accountable and responsible to the Board.

1.1. Composition

The Board consists of:

- Five (5) Elected Directors elected by the Members
- Up to two (2) additional Appointed Directors

1.2. Chair and Deputy Chair

The Elected Directors must annually appoint one of their number as Chair in accordance with the Constitution.

1.3. Skill Base

The Board should consist of individuals who have the necessary qualifications and skills to control the Company. Directors should bring to the Board knowledge, experience and influence in at least two (2) the following areas:

- Knowledge of the sport as either a competitor, an administrator or an official
- Previous experience as a director or committee member
- Experience in strategic planning
- Business management
- Organisation management skill
- Legal expertise
- Marketing and public relations
- Finance
- Networks or contacts
- Governance - not-for-profit or other suitable experience

1.4. Succession Planning

The Board recognises that one of its major risks is the loss of key personnel. The Board must therefore provide for appropriate succession planning for the Board, CEO and committee roles as required.

Director terms are as provided for in the Constitution.

1.5. Letter of Appointment

The Chair provides each new Director with a formal letter of appointment setting out the basis of appointment and the powers and duties of a Director.

1.6. Induction and Training

All new Directors will be briefed by the Chair and CEO and will receive a copy of the following items:

- Organisation chart
- Constitution
- By-Laws
- Governance Policy
- Strategic plan
- Directors' and officers' insurance policy
- Advisory committee roles and responsibilities
- Any relevant management items e.g., calendar of events, budgets, previous Board minutes.

The Board may receive governance training on an annual basis to help the Directors better understand their obligations to MNSW and their legal duties. The timing of this training will be determined by the Board, taking into account the date any Directors may have commenced their term during the year.

1.7. Annual Evaluation of the Board

The Board may undertake an annual evaluation of its performance and effectiveness and formally record and report its findings. The review will be conducted in a manner that evaluates against standards and performance expectations set by the Board. Following the review, the Board may implement change to the strategic plan or direct the CEO to address areas within the existing plan as appropriate. This review may be undertaken with independent external input.

1.8. Powers of the Board

The Board of MNSW is to manage and govern MNSW's business and may exercise those of MNSW's powers that are not required, by the Corporations Act or by the Constitution, to be exercised by MNSW in general meeting. MNSW is the authority of motorcycling in New South Wales and the ACT and is responsible for acting in accordance with the objects and policies of MNSW for the benefit of the Members and the sport.

Under the Constitution of MNSW the Board has the power to:

- Manage and govern the sport of motorcycling in New South Wales and the ACT in accordance with the objectives of MNSW
- Implement by-laws
- Oversee the management of all meetings within the jurisdiction of MNSW.

1.9. Responsibilities and Functions

The Board's key responsibilities are:

- to act in the interests of MNSW as a whole;
- observe their duties as Directors in terms of the Corporations Act, common law, the MNSW constitution and any other relevant legislation; and
- provide strategic direction for MNSW and effective oversight of the CEO.

The key functions of the Board include:

- the appointment of Directors on the recommendation of the Nominations Committee, membership and role of Board committees, including appropriate succession planning;
- ensuring a diverse and effective Board, in line with the Constitution with appropriate policies and procedures for the Board and its committees;
- appointing, supporting and providing advice and counsel to, evaluating and rewarding the CEO, taking an active role in overseeing the growth of the management leadership talent pool and approving the management succession plans;
- through constructive engagement with senior management and key stakeholders, review, add-value to, approve and monitor MNSW's purpose, core values, ethical framework, strategic direction and objectives;
- supporting, reviewing and monitoring the operational and financial performance of MNSW;
- monitoring key financial and non-financial risk areas by ensuring the implementation of an effective risk management and internal control framework;
- consider and agree on committee and management recommendations on key issues including MNSW organisational structuring and resourcing, capital management, significant contracts and capital expenditure;
- make, add to, alter or rescind any MNSW rules, regulations and by-laws as it sees fit;
- managing Directors' interests, conflicts of same and related-party transactions;
- delegation of powers and authorities, while understanding the Board remains responsible for all decision of MNSW;
- oversight of compliance with appropriate laws and regulations and major litigation;
- evaluating Board processes and performance of the Board as a whole, as well as contributions by individual Directors, ensuring the Board's effectiveness in delivering good governance, including performance and conformance matters;
- corporate governance matters, including frequency and agendas of Board and committee meetings, and the appointment of the Company Secretary;
- matters pertaining to Members including meetings, communications and relations; and
- ensure that there is a strong working relationship with Motorcycling Australia including regular communication on major issues confronting MNSW.

1.10. Indemnities and Insurance

Each Director, on appointment, shall execute the Deed of Indemnity with MNSW in which MNSW provides an indemnity to the Director to the extent they are indemnified under the Act. Specifically, but not limited to:

- each Director or retired Director is indemnified against liability the Director may incur to another person (other than MNSW or a related body corporate);
- the indemnity includes costs and expenses incurred in legal proceedings;
- in accordance with the law a Director is not indemnified for any liability arising out of negligence or lack of good faith;
- if the Director or retired Director has incurred a liability to which the indemnity applies then the Director need not incur any expenses before enforcing the right to the indemnity;
- where the indemnity covers a claim against a Director, MNSW is entitled to assume the conduct, negotiation or defence of the claim and the Director must co-operate with MNSW in relation to the claim; and
- in certain limited circumstances a Director may engage separate legal advisors.

Included in the annual agenda structure is the review of the Directors & Officers Insurance policy. Written details of the policy are provided to the Board as part of an overall risk management strategy. Each Director is required to truthfully answer all questions in the insurer's proposal document and to disclose any information to the insurer which would be relevant to the insurer's assessment of the risk.

MNSW has agreed to pay the Directors & Officers Insurance premiums and not to do anything which may prejudice this policy.

1.11. Access to Professional Advice

Directors have the right in connection with their duties and responsibilities to seek independent professional advice at MNSW's expense, subject to:

- prior approval of the Chair, which is not unreasonably withheld; and
- information so obtained is shared with all Directors as appropriate.

1.12. Access to Management

The Board and individual Directors have the power to meet or make inquiry with the CEO outside of scheduled Board meetings. The Board and individual Directors may meet with management in consultation with the CEO.

Directors will use their judgment so that contact is not distracting or disruptive to the business operation of MNSW and will therefore initially raise any material issues or concerns with the CEO.

1.13. Strategic Direction and Oversight

The Board reviews MNSW's long-term strategic plans and the major issues that it and management expects MNSW to face in the future.

The Board sets the broad parameters for the preparation of MNSW's Strategic Plan.

The Board only approves the Strategic Plan after conducting a rigorous review, including considered stakeholder input on major strategic initiatives.

The review includes a thorough understanding of what is required to successfully execute the Strategic Plan.

The Board approves a performance management system that has key performance measures (budget and financial/non-financial KPI's) aligned with the Strategic Plan and ensures that the remuneration of management (including the CEO) is aligned with the achievement of strategic outcomes.

2. Company Secretary

The Company Secretary is accountable to the Board through the Chair on all governance matters.

All Directors have direct access to the Company Secretary.

The appointment and removal of the Company Secretary is a matter for decision by the Board in accordance with the Constitution. The position of Company Secretary can also be held by the CEO.

3. The Chair

3.1. Chair's Role

The Chair of the Board has a major role as the head of the Board in providing leadership to the Directors and other functions including:

- leading and facilitating the Board;
- setting the Board direction and focus;
- conducting an effective decision-making process and ensuring that the Board is focused on achieving outcomes;
- ensuring that no one has excessive influence;
- maintaining a professional working relationship with the CEO;
- acting as a spokesperson, where appropriate, in conjunction with the CEO;
- promoting constructive and respectful relations between Directors;
- ensuring that each Director appropriately contributes to the Board's decision-making process;
- ensuring the Board and individual Directors have a performance evaluation process;
- ensuring that the Board's workload is dealt with effectively;
- setting the agenda for each Board meeting, in conjunction with the CEO and other Directors, and modelling it against the Strategic Plan to ensure appropriate structure and monitoring;
- role-modelling ethical standards and behaviour based on MNSW's agreed values;
- communicating and consulting with Motorcycling Australia and other relevant stakeholders on significant issues, as appropriate; and
- ensuring meetings are effectively conducted and minutes are circulated and acknowledged in a timely manner.

4. Directors

Directors of MNSW:

- Are committed to ethical, businesslike and lawful conduct including proper use of authority and appropriate decorum when acting as Board Members;
- Must always act in the interest of MNSW and the Members;
- Must comply with their conflicts of interest requirements, including compliance with MNSW's conflicts of interest policy;
- Must not attempt to exercise individual authority over MNSW or make decisions outside of their designated scope of authority;
- Will not publicly voice any negative comments or individual opinions relating to the CEO, staff, fellow Directors or any company matter or issue;
- Will only speak to the media as requested by the Chair or the CEO;
- Will adhere to and support the Chair in an effort to govern effectively; and
- Will respect the confidentiality of sensitive issues or business items under negotiation or discussion.

5. Board Meetings

5.1. Annual Schedule

The Board must establish and endorse by the end of January each year its annual meeting agenda. The annual agenda should be aligned with the strategic cycle of MNSW.

The annual agenda dictates the dates, times and locations of Board meetings in the upcoming year.

5.2. Board Meetings

The Board has adopted the following procedures:

- proper and timely notice of meetings is provided with an outline of proposed business, in accordance with the requirements of the Constitution;
- agenda papers which include executive summaries and resolutions are provided in advance to allow time for review;
- an action list is presented to ensure all outstanding items are dealt with, including monitoring progress of past decisions;
- matters for decision and discussion are addressed at the beginning of meetings;
- the Board meets periodically without the CEO present to discuss sensitive issues;
- a general business item is on the agenda so that Directors may add items for discussion or information;
- minutes are clear, accurate and have the appropriate detail; and
- draft minutes will be distributed to the Directors within seven (7) days after the meeting, and Directors will respond with comments within a further seven (7) days.

5.3. Board Meeting Attendance

Subject to below, advisors and other parties external to the Board are invited to attend Board meetings by the Chair, as appropriate.

In accordance with the Constitution, the CEO has a standing entitlement to attend all meetings of MNSW and speak on any matter, subject to a determination otherwise by the Board.

6. Risk Management and Compliance

6.1. Risk Management

Risks are any event or action that threatens the assets and earnings of, values or services provided by MNSW. It is the Board's role to establish a sound system of risk oversight and management and internal control.

The Board has implemented a risk management approach to reporting. The Finance, Audit, Properties and Risk Committee, (FAPR Committee) holds the responsibility for managing and providing recommendations to the Board on the following core elements:

- the identification of key business risks;
- internal controls, policies and procedures that MNSW uses to identify and manage business risks;
- monitoring MNSW's risk profile and risk appetite, covering the principal enterprise-wide risks, including strategic, operational, property, legal and financial;
- MNSW's risk management framework and an appropriate risk management system and resourcing;
- organisation insurance activities;
- MNSW's compliance with legal, regulatory requirements and compliance policies; and
- overview of the management of MNSW's property, associated risks, and legal obligations.

The existence of the FAPR Committee does not imply the fragmentation or diminution of the role of the Board to ensure the integrity of MNSW's financial reporting.

To support this formalised process for identifying, prioritising, assessing and managing the key business risks, the CEO deals with specific risk areas across MNSW. This strategy is incorporated on the corporate plan and integrity into business plans, external audit plans and the training program.

The Board regularly reviews the key risks identified by the CEO through the FAPR Committee. Risk and compliance information is reported to the FAPR Committee.

The Board ensures that MNSW, at all levels, prescribes to a desired culture and exhibits accepted behaviours that are consistent with the agreed risk appetite.

6.2. Compliance System

The Board oversees the performance of an effective compliance system which requires, at a minimum, that:

- MNSW complies with all relevant statutes, regulations and other requirements places on it by external bodies;
- effective internal controls exist and there is full and accurate reporting to the Board in all areas of compliance; and

- MNSW is financially secure and is able to meet all its financial obligations when they fall due, in the normal process of business.

6.3. Critical Incident Management

The Board has two key roles in a critical incident situation, one prior to the critical incident and the other during.

Prior to any critical incident, the Board ensures that there is in place a comprehensive critical incident management plan that has been tested and employees have been trained in its execution.

During any critical incident, the Board will fully support management in its continuity and recovery effort. The employee responsible for marketing and communications will advise on urgent media and communications issues.

The chief spokesman during any critical incident will be the CEO supported by specified members of senior management, or the Chair as needed.

6.4. Integrity of Financial Reporting

The Board ensures that a structure of review and authorisation is designed to ensure the truthful and factual presentation of MNSW's financial position and performance.

The structure is overseen by the FAPR Committee, although this delegation does not diminish the ultimate responsibility of the Board to ensure the integrity of MNSW's financial reporting.

7. CEO's Role

The CEO is responsible for the overall day-to-day management and the performance of MNSW. The CEO manages MNSW in accordance with strategy, delegations, business plans and policies approved by the Board to achieve agreed goals and objectives included therein.

Subject to the policy directives of the Board, the role of the CEO includes:

- implementing MNSW's strategic plan;
- managing the MNSW office;
- day to day management and administration of MNSW;
- employment and human resources matters;
- administration of the affairs MNSW;
- preparation of and financial management through the approved budget;
- business development;
- implementation of the MNSW business plan;
- Government and other stakeholder relations; and
- spokesperson for MNSW.

The CEO will prepare all board papers and will provide monthly reports (or more often where the Board directs) which include:

- accurate financial statements, that comprise:
- profit and loss statement;
- balance sheet;
- cash flow statement;
- written report regarding material variances from budget;
- budget versus actual report on a month and year-to-date basis as well as identifying the full-year budget;
- listing of all major outstanding debtors and creditors; and
- bank reconciliation (including bank account evidence); and
- performance reporting against MNSW's strategic objectives.

8. Director Requirements

8.1. Directors

The Board has adopted a Code of Conduct. Under the leadership of the Chair, the CEO and the Board are to be proactive in implementing MNSW's objects having regard to the requirements outlined in the Constitution and powers vested in the Board to determine and articulate MNSW's values, vision and strategic direction.

8.1.1. Directors Expectations

Directors are expected to:

- Meet fiduciary responsibilities as required under all relevant Commonwealth and State legislation.
- Act within their duty of care to make decisions in the best interest of MNSW.
- Comply with their conflicts of interest requirements, including compliance with the conflicts of interest policy.
- Develop strategic planning and direction of MNSW including monitoring organisational performance and evaluating strategic results.
- Develop policies for recommendation to the Members and implement policies approved by the Members.
- Interact with key stakeholders and the membership to inform them of achievements and to ensure that they have input into determination of strategic goals and direction.
- Report back to stakeholders at relevant forums, such as council meetings, through the Chair and the CEO.
- Monitoring CEO and organisational compliance with the relevant Federal, State and local legislation and bylaws and with MNSW's own policies.
- Act with respect, integrity and demonstrate ethical leadership.
- Act with Board solidarity around Board decisions and agreed actions.
- Monitor the CEO and organisational compliance with the relevant Commonwealth and State legislation and MNSW's own policies.

- Evaluate their effectiveness as a Board including maximising strategic alignment between MNSW and its members.

8.1.2. Directors Limitations

- The Directors report to the Board and are accountable for the performance of their duties as a Director of the Board.
- The Directors are to work cooperatively with the CEO.
- No Director is authorised to incur expenses or debts on behalf of MNSW without prior consent from the Chair or the Board.
- All Directors are expected to abide by MNSW's policies, regulations and directives.

8.1.3. Vacation of Office

The reasons for the office of Director being automatically vacated are set out in the Constitution.

8.1.4. Director Declaration

Directors are required to sign the Directors Declaration as included in the Code of Conduct.

8.2. Committees

8.2.1. Committees

The Board may delegate any of its powers to a Board committee provided that it does so in writing. A delegation of a power, or a specified class of powers, may be made either generally or as otherwise provided by the terms of delegation.

A committee must exercise the powers delegated to it in accordance with any directions of the Board. All committees are advisory and have their terms of reference outlined in the By-Laws or in relevant terms of reference / written instrument prepared by the Board.

The committees established by the Board under the Constitution are appointed by and report directly to the Board unless otherwise stated.

The chair of each committee must circulate the minutes of a meeting of the committee to members of that committee, the Board and the CEO within one month of each meeting.

The following provisions shall also apply in relation to any committees established.

8.2.2. Role of Committees

Under the leadership of the committee chair the committee members are required to:-

- Work within their respective committee's specified role and responsibilities
- To discuss, debate and submit objective recommendations on issues to the Board.
- Assess items that may be referred to them from time to time.

- At events, committee members of committees established by the Board have no authority, unless appointed as the Steward/Referee or Clerk of Course.
- All correspondence to and from the committee will be through the chair unless otherwise agreed. Verbal and email communication will only be to one person and again that person will be the chair.
- Conduct annual reviews of their area.

8.2.3. Committee Members Expectations

- Submit recommendations to the Board.
- Exercise care to make decisions in the best interest of MNSW.
- Comply with their conflicts of interest requirements, including compliance with the conflicts of interest policy.
- Work within the specified committee roles and responsibilities.
- Interact with key stakeholders (Clubs) and the membership.
- Contribute throughout the year and not just when meetings are held
- Reporting back to stakeholders via written annual report as required.
- Evaluate their effectiveness as a committee member.

8.2.4. Committee Members Limitations

- The committee reports to the Board, either directly or via the CEO and each committee member is accountable for the performance of their duties as a committee member.
- The committee member must work cooperatively with the CEO and MNSW staff.
- No committee member is authorised to incur expenses or debts on behalf of MNSW unless otherwise provided in the written instrument establishing the committee, or as approved by the Board or CEO.
- All committee members are expected to abide by MNSW policies, regulations and directives.

9. Director's Duty Statement

9.1. Legal

Directors are required to understand the needs of MNSW and their legal responsibilities as Directors.

Certain duties apply to a Director in every aspect of MNSW and to every transaction MNSW enters into. Directors are regarded as owing a fiduciary duty to MNSW. This means that a Director has special obligations to MNSW because they occupy a position of trust. As a result of the fiduciary relationship between the Director and MNSW, the Director is bound to exercise their rights and powers in good faith and for the benefit of MNSW.

In very broad terms, the principle statutory and common law duties imposed upon Directors may be summarised as follows:

- (a) To act honestly and in good faith in the interests of MNSW as a whole;

- (b) To exercise the degree of care, skill and diligence that a reasonable person in a like position would exercise in MNSW's circumstances;
- (c) To exercise powers granted honestly and for the purposes for which they were conferred and not for collateral purposes;
- (d) To avoid any actual or potential conflict between the obligations owed to MNSW and a Director's personal interest or other duties;
- (e) To keep confidential information obtained, and not to disclose advantage or business opportunities acquired, in the course of office;
- (f) To prevent insolvent trading by MNSW.

9.1.1. General Duties of Good Faith and Care

a) Duty of Good Faith and Honesty

Directors are given broad discretions to govern MNSW's business under the Constitution of MNSW. The duty of good faith applies to the discretion and decisions of Directors.

The duty of good faith and honesty arises at common law partly (as with most of the other common law duties of Directors) because Directors are regarded as being in a position of trust with respect to MNSW.

In this context, the duty of honesty is equivalent to the duty to act for a proper purpose. If a Director's purpose is misguided or improper, the Director will breach the duty even though there is no question of personal gain or dishonesty in the generally understood sense. Accordingly, a Director can be dishonest without being fraudulent.

Principally, therefore, this duty requires Directors to consider the interests of the members of MNSW as a whole.

This may involve considering whether the short term or long term interest of Members should be paramount.

In circumstances of insolvency or near insolvency, the duty to act in the best interests of Members is overridden by a duty to act in the best interests of creditors.

b) Duty to Act for a Proper Purpose (and not for a collateral purpose)

Since Directors of MNSW are fiduciary agents, powers given to Directors may only be exercised for the purposes for which they are given. In particular, those powers may not be exercised in order for the Directors to obtain a private advantage.

Whether a particular act by Directors as fiduciaries, is a bona fide exercise of their power for the benefit of MNSW as a whole is generally determined by ascertaining the substantial motivating purpose for which the power is exercised and then by determining whether that purpose was proper or not.

c) Duty of Care, Skill and Diligence

The duty of care, skill and diligence is a subjective duty, so that essentially recklessness was (and possibly still is) required to amount to a breach. That is, to breach the duty, a Director must be reckless in exercising his or her office.

Proper performance of the duties of a Director will be dictated by all the surrounding circumstances including the type of organisation, the size and nature of its enterprise, the composition of its Board and the distribution of its work between the Directors and other officers.

The following are some of the broad principles which are relevant in the determination of whether a Director has fulfilled his or her duty of care, skill and diligence to MNSW. Although the list is not exhaustive, the common law requires that Directors at least:

- i. take reasonable steps to place themselves in a position to guard and monitor the management of MNSW;
- ii. acquire a working knowledge of the fundamentals of the business of MNSW;
- iii. keep informed about the activities of MNSW and assess the safety and properness of the business practices of management;
- iv. generally monitor MNSW affairs and policies, although a detailed inspection of day to day activities need not be undertaken;
- v. maintain a familiarity of the financial status of MNSW by regularly reviewing the financial statements; and
- vi. make enquiry into matters revealed by the financial statements which call for enquiry.

9.1.2. Duties and Obligations Relating to Conflicts of Interest

a) Duty to Avoid Conflict of and Disclose Interests

Neither a Director nor responsible officer should allow a conflict of interest to compromise their position in MNSW. A Directors "personal" interest (for example, a shareholding in another company) or other duties (for example, being a board member of a Club) and their duty to MNSW must not be brought into conflict.

This overlaps with the duty to act in good faith and for a proper purpose. Categories of situations which give rise to conflicts of interest are:

i. **Directors or officers taking advantage of opportunity**

The general rule is that a Director must not use his or her position to make a profit. If he or she does, then he or she must account to MNSW for the profit made.

ii. **Directors taking advantage of an opportunity where MNSW is unable**

A Director has an obligation not to profit personally from his or her position as a Director, and not to allow a conflict to arise between his or her duty as a Director and his or her own self interest.

A Director is disqualified from usurping for his or her own benefit or for the benefit of others, a maturing business opportunity which MNSW is actively pursuing.

A Directors liability to account to MNSW is not unlimited and depends upon the facts of the case. It is not a defence that the profits or advantage were made with the informed consent of MNSW.

iii. Directors contracts with MNSW

The general rule is that contracts made by a Director with MNSW that are not approved by the board, excluding the Director in question (who is conflicted) are voidable at the option of MNSW. This includes contracts in which Directors have an indirect interest. The fairness of the contract is irrelevant, and this is applied as a strict rule.

The contract may be validated by ratification at a general meeting, provided there is full disclosure.

iv. Conflict of external duties with Directors duties

Where a Director holds an office or property, which creates duties in conflict with his or her duties as a Director of MNSW, they should declare the interest at the next meeting of the Board after they become aware of the conflict.

b) Confidential Information

Directors have a duty not to make unauthorised disclosure or use of MNSW information and a duty not to disclose or exploit confidential

information, such as commercially or price sensitive information or information which is confidential by virtue of a contractual arrangement.

Information is commercially sensitive where it is of specific value to the group concerned, particularly where its disclosure would allow others to “reap without sowing” or would otherwise be detrimental to MNSW. In the context of MNSW, this would involve any information that is of value to MNSW in the sense that its disclosure might cause damage to MNSW’s reputation, or disclose plans which MNSW would not want revealed to its competitors or third parties.

Directors of MNSW should not reveal any discussions or meetings or documents relating to policies or plans in their initial stages without the consent of the other members of the Board.

Practicality and convenience must be taken into account. The MNSW Board should at the very least be informing its members of the major decisions, which it has made and report on the reasons for these decisions. The Board is justified in not disclosing all its activities on the basis that in doing so it is acting in the interests of MNSW, by preventing information which may be detrimental to it from being revealed and potentially distorted.

Directors must remember that they have a duty to act in the interests of MNSW as a whole, which includes the interests of all members and not select members or groups of members.

Directors should support all determinations of the Board regardless of their support or dissent during the Board meeting. It is essential that discussions of the Board are freely entered into. However, it is imperative that beyond the meetings of the Board all Directors are united in the determination of the Board.

c) Duty not to Divert Corporate Opportunities

Misuse by a Director of MNSW property so as to make a personal gain or gain for any other person (for example, a company in which the Director has an interest) without the authority of MNSW is a clear breach of a Director’s fiduciary obligation. In particular, a Director must only pursue corporate

opportunities for the benefit of MNSW. A Director who breaches this duty may be liable to account for any gain or profit made.

This duty is also reflected in the Corporations Act which requires a Director not to make improper use of his or her position (as a Director) to gain, directly or indirectly, an advantage for himself or herself or any other person or to cause detriment to the company.

Breach of this duty may also involve a breach of a Directors' duty of honesty imposed by the common law and by the Corporations Act.

9.2. Financial

The Corporations Act requires organisations to keep financial records for seven years that correctly record and explain their transaction and financial position and performance. The financial records must enable true and fair financial statements to be prepared and they must be able to be audited annually.

At the end of the financial year a report which consists of financial statements – profit and loss statement, balance sheet and statement of cash flows, disclosures and notes and the Directors declaration – must be produced as part of statutory duties.

Directors must make sure MNSW's accounting and reporting processes are timely and accurate as well as ensuring that other reporting conditions with government grants are met.

Directors are responsible to the Members for the management of the funds of MNSW and it is important that Directors monitor MNSW's financial situation. Financial literacy is a skill that all Directors must have or acquire as quickly as possible.

9.2.1. Identify Key Risks

A critical role for Directors is to identify the key risks which face MNSW and respond to situations as they arise to ensure a minimal adverse impact on the operation of MNSW. Each Director will need to agree to what form reporting should take, such as whether specific indicators are developed and monitored and whether the key risks are separately reported on.

9.2.2. Monitoring Performance

Directors must monitor performance and ensure that the end of financial year responsibility when the Directors declaration is signed on the resolution of the Board, it is given serious consideration, and professional assistance is sought if necessary.

9.2.3. Creditors

The ability of MNSW to be able to pay its debts as and when they fall due and payable is a key responsibility of Directors, individually, and as a Board.

Directors must monitor cash flow to ensure MNSW can pay its debts and may be held personally liable for any future obligations entered into if insolvency occurs. The law expects Directors to consider

MNSW's cash position in terms of all creditors – those to whom you owe money – suppliers, ATO and employee entitlements and any contracts in place.

Directors need to reassess budgets in terms of whether there are any specific risks looming such as a significant drop in funding or legal action which could be enough to take MNSW close or into insolvency.

If the Board is concerned that MNSW cannot pay its debts as and when they fall due and the situation is verified by an accountant, it should seek immediate legal advice as to required next steps, which will likely include voluntary administration or winding up.

9.2.4. Business Expenses

Business expenses are costs reasonably incurred by employees and Directors in the course of carrying out their duties (eg travel, accommodation, entertainment, representation, car parking).

Business expenses may only be reimbursed if permitted by, and in accordance with, the Reimbursement Policy.

10. CEO Limitation Policy

10.1. Legal Power to Manage

Subject to the Constitution, applicable legislation and any policy directive of the Board, the CEO has the broad power to perform all such things as appear necessary or are required for the proper management and administration of MNSW.

10.2. Unity of Control

Only decisions of the Board acting as a body under the Constitution are binding on the CEO. These decisions must not contravene or contradict any statutory or legal requirement under any state or commonwealth legislation.

Decisions or instructions of individual Directors are not binding on the CEO unless the Board has specifically authorised the decisions or instructions in writing.

The CEO can refuse requests from individuals or committees if the request in the CEO's opinion requires a material amount of staff time, funds, disruptive, mischievous, and frivolous or not in the best interests of MNSW.

10.3. CEO Accountability

The CEO has the authority and is accountable for the success of MNSW within the policies set by, and the direction of, the Board and is charged with the efficient management of MNSW.

The Board or any Directors will never give instructions to persons who report directly or indirectly to the CEO unless otherwise agreed with the CEO.

10.4. Delegation to the CEO

Responsibility for the day-to-day operation and administration of MNSW is delegated by the Board to the CEO who in turn is accountable to the Board. These details are outlined in the contractual arrangements.

The Board will instruct the CEO through written policies that prescribe the end to be achieved and the situations to be avoided, allowing the CEO to use reasonable interpretation of these policies.

Provided that the CEO uses reasonable interpretation of written policies and the strategic plan, the CEO is authorised to establish further procedures, make all decisions, take all actions, establish all practices and develop all activities.

10.5. Monitoring of Performance

Systematic and rigorous monitoring of the CEO job performance will be solely against accomplishment of policies and implementation of the Strategic Plan.

The Board will acquire monitoring via CEO internal reports, external reporting by third party and Board assessment.

10.6. Responsibilities

The CEO is employed to oversee and manage the day to day operation of MNSW, in accordance with MNSW objects and policies and the Board's directions, and in carrying out this role shall be responsible for:

- a) Overall efficient management and control of the MNSW office activities;
- b) Supervision of all MNSW employees and their respective programs;
- c) Carry out the secretarial role for MNSW, including the supervision of the preparation of minutes and board papers;
- d) Act as the Public Officer of MNSW;
- e) Financial management of and including budgets, cost control, financial planning, overseeing the acquittal of the MNSW budgets, preparation of relevant reports, and comply with legal accountability requirements;
- f) Ensure a record of property and assets of MNSW is kept;
- g) Seek, secure and service grants from government or other sports industry bodies, commercial sponsors and other commercial agreements in the interests of MNSW;
- h) Ensure the implementation of the Strategic Plan and make recommendations to the Board on changes that may be required;
- i) Ensure the preparation of the Annual Report in conjunction with the various committees and the Board;
- j) Liaise with the relevant national and governing authorities in the sport of motorcycling.
- k) Attend professional development courses and conferences as required;
- l) Attend meetings as required;
- m) Maximise the exposure of MNSW and related activities to the media and act as the spokesperson to media representatives;
- n) Liaise with state and other motorcycling bodies and members as appropriate; and
- o) Provide regular reports to the MNSW Board regarding his activities;

- p) Undertake all other duties as required to ensure the smooth, efficient and professional operation of MNSW.

10.7. Prohibitions of the CEO

The CEO shall not:

- Allow any activity that is unlawful or in violation of commonly accepted business practices or ethics;
- Allow members to be subject to conditions, procedures or decisions that are unlawful, unsafe, undignified and unnecessarily intrusive or that fail to provide appropriate confidentiality or privacy;
- Allow staff or volunteers to be subject to conditions or decisions that are unlawful, unfair, unsafe or undignified;
- Allow financial planning to deviate materially from policies or place MNSW at financial risk;
- Permit the situation to arise where no Directors are familiar with Board issues and processes;
- Permit the Board to be uninformed or unsupported in its work;
- Allow assets of MNSW to be unprotected, inadequately maintained or unnecessarily risked;
- Allow the Board to be unaware of relevant trends, anticipated adverse media coverage or major problems;
- Fail to report in a timely manner regarding an actual or anticipated non-compliance with any Board policy or directive;
- Fail to record Board resolutions or decisions in a way that they may be understood in the future;
- Use methods of collecting, reviewing or storing information that fails to protect against improper access.

10.8. Legal Responsibilities

The CEO is responsible for:

- The establishment and maintenance of records, minutes and membership register concerning all financial transactions, business, meetings and dealings of MNSW, in accordance with any statutory requirements and the Constitution;
- With respect to employment, compensation or other benefits to employees, consultants or volunteers the CEO shall not deviate from standard business practices, policies, contractual or legal obligations.

10.9. Financial Responsibilities

The CEO is legally responsible for the financial management of MNSW including the MNSW office, bank accounts, investments, debtors/creditors, insurances, payroll, superannuation, work-care, computers etc.

The CEO will be required to:

- Develop and implement a proper accounting system;
- Develop and implement a financial reporting system;
- Develop and implement operating budgets for MNSW including the submission of regular financial reports to the Board;
- Maintain cost control measures; and

- Maintain insurance policies for MNSW including public liability, members injury, business, property, equipment, trophies and Directors and Officers.

10.10. Asset Protection

The CEO shall not:

- Permit any cheque to be processed with only one signature;
- Make any purchase, including any capital purchase, except as permitted under the MNSW financial delegations policy approved by the Board;
- Fail to ensure that a backup of the computer system is conducted at least weekly; and
- Allow staff access to material amounts of funds.

10.11. Staff

The CEO shall not:

- Operate without written personnel policies or office administration systems that clarify the rules and guidelines for the staff;
- Allow more than a year to pass without formal staff reviews.



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