



A U S T R A L I A
Giving life back

CORPORATE GOVERNANCE STATEMENT

MULTIPLE SCLEROSIS AUSTRALIA

ABN 51 008 515 508

A Company Limited by Guarantee Incorporated under the Corporations Act 2001
(Cth)

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Multiple Sclerosis Australia

Governance Overview

INTRODUCTION

Multiple Sclerosis Australia ("MSA" or the "Company") is a federation of the Australian state and territory based multiple sclerosis societies who are the Members of MSA. It was formed by its founding Members as an unincorporated organisation in February 1972 and registered as a company on the 30th January 1975. In April 1999 the Company changed its name from the National Multiple Sclerosis Society of Australia to Multiple Sclerosis Australia. The members and clients of the Members of MSA are principally Australians affected by Multiple Sclerosis (MS).

MSA is a company limited by guarantee. The Company's activities are regulated by the Corporations Law (Cth) and other Commonwealth and State laws as applicable.

Multiple Sclerosis Australia (MSA) conducts a range of programs and activities on behalf of its members and Australians affected by multiple sclerosis (AwMS). It was established to add value and improve communication and coordination amongst its members. It reflects the true concept of cooperative federalism.

MSA undertakes programs or activities which benefit from a national approach and adds value:

- by doing activities which MSA members individually find difficult to achieve,
- through scale advantages, and
- through consistency and eliminating unnecessary duplication

In early 2004, MSA established a new organisation, Multiple Sclerosis Research Australia Limited (MSRA), to focus on increasing research into the cause and improved treatments of multiple sclerosis. MSRA is an independent organisation with its own Board. The Members of MSA are also the Members of MSRA. MSA has a minimum of two directors on the Board of MSRA.

The Board of MSA applies sound governance of MSA, reflecting its belief that any shortcomings in governance could jeopardize the Company's reputation and its ability to fulfil its obligations to people affected by multiple sclerosis.

MSA is accountable principally to Members of the Company and then to a wide range of parties or stakeholders with whom it interacts. MSA is directly accountable to Members and through them, to Australians with MS (AwMS), their carers and families. It is also accountable to employees, volunteers and supporters, sponsors, donors and funding bodies, the Australian and State Governments and the community at large. The Members of MSA are in turn accountable to their members principally Australians affected by MS.

MSA is committed to conducting its business with the highest standards of personal and corporate integrity. It has adopted a number of principles and policies to pursue the purposes of the Company as set out in the MSA Constitution that are consistent with MSA's Vision, Mission, Activities and Values. These policies and principles include the role of MSA and the standards of personal and corporate behaviour which Directors and employees are required to observe.

THE BOARD

Role of the Board

The Board of Directors exercises the powers vested in it by the Corporations Law, and the Company's Constitution.

The Board is directly responsible to Members for the long-term health and prosperity of the Company and its controlled entities. The policies and practices outlined in the Company's Corporate Governance Statement provide the framework which enables the Board's principal role to be achieved whilst ensuring that MSA's activities are conducted ethically and in accordance with the law.

The Board determines the direction of MSA and monitors management's performance on behalf of the Company's Members and various stakeholders.

Role of the Chairman (President)

The Board elects the Chairman of the Board. The key internal roles of the Company's Chairman are to:

- conduct effective Board meetings and processes, seeing that the appropriate matters are considered by the Board in a timely and transparent manner
- ensure the Board provides guidance and vision to the Company
- guide the ongoing effectiveness and development of the Board and individual Directors

The main external role of the Chairman is to represent the Board and the Company as appropriate, to its various stakeholders and to chair its legally required annual and other meetings.

Role of Individual Directors

Directors are expected to:

- discharge their duties in good faith and honesty in the best interests of the Company
- make reasonable inquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals
- undertake diligent analysis of all proposals placed before the Board
- bring a local perspective and/or special skills to the Board

Board Composition and Size

The Company's Constitution provides that:

- The number of Directors shall be not less than 9 and not more than 15.
- Each Member is entitled to nominate one Director. If a Member represents more than one State then that Member may nominate a Director from each of the States represented by that Member.
- The Board must nominate one additional person to represent people with Multiple Sclerosis.
- The Board may also nominate additional persons with particular skills
- The term of each director is one year except for Directors appointed to fill casual vacancies who serve until the conclusion of the next following AGM. Retiring Directors are eligible for re-election except a Director who has held office as a Director for ten (10) or more terms unless approved by Special Resolution by Members in a General Meeting.
- Directors must submit to election at the next general meeting.

All Directors are non-executive directors, independent of management and free from any business, interest or other relationship that could materially influence the exercise of their independent judgement, apart from participating in MS-related Company programs or programs available to all people with MS, or their carers, or others affected by MS through member organisations. Directors may also be Directors of Member organisations.

Avoidance of Conflicts of Interest of Directors

To ensure their independence and absence of conflicts of interest, no person may be appointed as a Director if that person is the Chief Executive Officer or an employee of the Company or a Member.

Any Director with a material personal interest in a matter being considered by the Board must not participate in the consideration or vote on the matter.

Nominations and Appointment of New Directors

Nominations for appointment to the Board are considered by the Board as a whole. The Board's overall skill composition is reviewed annually by the Board as part of its performance review.

The general attributes required of Directors include empathy with AwMS, sound business judgement and a performance focus, broad strategic thinking, a collegiate and team playing approach, a philosophical commitment to the objectives of the Company, a willingness and capability to devote the required time to the Board's affairs, and an undoubted reputation and integrity.

Board Access to Independent Professional Advice

All Directors have unrestricted access to Company records and information. The Board has a policy of enabling the Board collectively, and Directors individually, to seek independent professional advice for reasonable Company-related matters at the Company's expense. This is subject to the approval in advance of the Chairman, which is not to be withheld unreasonably, and in its absence, Board approval may be sought. Any such advice provided to individual Directors must be shared with the Chairman and the Board.

Directors' Indemnity and Insurance Cover

The Company's Constitution provides an indemnity to Directors. As with other insurable risks, the Company has insured Directors and officers against liabilities incurred in connection with their performance through their position with the Company except for a liability arising out of conduct involving wilful breach of duty or knowing contravention of the Corporations Law.

Director's remuneration

No Directors receive remuneration from the Company. Out of pocket expenses relating to their director activities may be reimbursed by the Company. Some Directors may access MS-related programs from Members from time to time, on the same terms as all other people.

BOARD COMMITTEES

The Board has established standing Committees to assist in the development of Board policies and execution of the Board's responsibilities. These Committees are established to improve Board effectiveness and efficiency where activities require a more concentrated effort and specialist skills and are an efficient use of Board resources. They do not abrogate any Directors from their responsibilities and Committees are obliged to properly inform the full Board of their activities. Any Director is free to attend any meeting of any Board Committee.

All standing Board Committees have at least one non executive Director as a member, and from time to time may have non-Board directors or management possessing special expertise and experience as members. Relevant members of the management team may and usually do attend appropriate Committee meetings. All Committees have a clear charter setting out objectives and responsibilities. All Committees keep proper minutes of their discussions and regularly report to the full Board on their activities and key issues.

At present the Board has two standing Committee namely:

- Executive Committee of the Board (EXCO)
- Audit and Risk Committee

The Board may also establish other committees to assist with specific issues or projects. Individual Committee charters are regularly reviewed by the Board.

The Company's management is accountable to the Board Committees within the terms of the charters of the individual Committees.

Executive Committee of the Board (EXCO)

EXCO is appointed by the MSA Board to provide an interface between management and the Board to act on urgent issues, ensure a 'commercial approach' is maintained, monitor implementation of strategy, monitor performance and provide a forum for considered advice to the Board. EXCO presents all decisions made to the MSA Board at its next meeting for approval.

EXCO oversees the operations of the National Executive Co-operative Team (NECT).

EXCO comprises 3 directors (including the Chairman) and meets face to face or by teleconference approximately 10 times per year.

Audit and Risk Committee (ARC)

ARC meetings are held periodically throughout the year and are attended by the Chief Financial Officer, and where appropriate, by the Company's internal risk and audit manager, external auditors and other external advisors.

The role of the ARC covers:

- assessing the appropriateness of Company accounting policies, practices and disclosures;
- ensuring adequate and appropriate financial reporting;
- reviewing internal control procedures and policies, including internal audit, investment and group treasury risk;
- monitoring compliance procedures and reports;
- reviewing financial aspects of projects and capital expenditures prior to submission to the Board;
- reviewing procedures to identify and manage all areas of risk;
- maintaining oversight of risk assessment and management as it applies to the Company's duty of care, regulatory obligations, professional liability, health and occupational safety, physical assets, security, disaster recovery and business continuance;
- reviewing any matters of significance to the financial welfare of the Company.

The Committee is responsible for the annual performance review and nomination for appointment by the Board of the Company's independent external auditors. The Committee reviews the effectiveness, objectivity and independence of the external auditor, considers the external auditor's annual plan and proposed fees. The Committee carefully reviews any non-audit services provided to the Company by the auditor to avoid conflicts of interest by the auditors.

National Executive Co-operative Team (NECT)

The NECT comprises the Chief Executive Officers of the member Societies and the Executive Director of MSRA. The Board delegates responsibility for day-to-day management of certain of the Company's activities to the NECT. The NECT acts as the coordinating body for assigned MSA activities. It provides a forum where Members, MSA and MSRA can agree on programs and priorities and act jointly. The NECT reports to the MSA Board through EXCO.

REGISTRATION AND COMPLIANCE SUMMARY

Multiple Sclerosis Australia is a company limited by guarantee. Its ABN is 51 008 515 508.

Its status as a Public Benevolent Institution (PBI) was confirmed on 2nd July 2001 by the Australian Taxation Office as part of its registration requirements for all non profit entities as was the organisation's status as an Income Tax Exempt Charity and a Deductible Gift Recipient. The Organisation enjoys certain other tax concessions and exemptions consistent with its status as a PBI which relate to Goods and Services and Fringe Benefit taxes.

Multiple Sclerosis Australia maintains charitable fundraising permits and registrations as required by law in each state and territory of Australia as follows:

- New South Wales – Registration number CFN 12677 – Registration continues until 12 April 2011
- Queensland - Registration number CH 1375 – Registration is ongoing subject to certain annual financial reporting requirements
- South Australia – Registration number 1167– Renewable annually 31 December
- Tasmania - Registration number FIA -150 – Registration is ongoing
- Victoria – Registration number 7557 – Renewable 31 May 2012
- Western Australia – Registered through The Multiple Sclerosis Society of Western Australia Incorporated - Registration number 17899 – Renewable on 18 June 2010
- Australian Capital Territory – Licence number 133– Renewable on 1 July 2010

Multiple Sclerosis Australia's external auditor is Deloitte.

September 2009