

# Committee reports

## Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board in fulfilling its responsibilities in relation to the identification and mitigation of areas of significant business risk, including:

- Effective management of financial risks.
- Reliable management reporting.
- Compliance with statutory laws and regulations across all facets of business.
- Maintenance of an effective and efficient audit, including the appointment of auditors.
- Protection of the company's financial and physical assets.
- Monitoring the inherent business risks in the operating environment and recommending governance related policies to the Board of Directors.

The Committee reviews the business risk environment and ensures Cancer Council SA has developed policies to effectively manage material risks. The governance related policies of the Board are:

- Conflict of Interest.
- Corporate Governance Statement.
- Delegations of Authority.
- Intellectual Property for Funded Research.
- Investment \*.
- Performance planning and review ^.
- Public Health Policy Approval Process.
- Remuneration ^.
- Risk Management.
- Work Health & Safety.

The Committee's business is arranged to review the Committees policies in a systematic manner to ensure the policies remain relevant and effective.

In the period under review two significant changes in the operating environment occurred and were considered by the Committee.

On 1 January 2013 the Australian Charities and Not-For-Profits Commission (ACNC) was established by the federal government. The ACNC is responsible for government regulation and administration of the charities and not-for-profit sector. In time it will replace the functions of the Australian Securities and Investment Commission (federal) and Office for Consumer and Business Affairs (state) for the regulation of Cancer Council SA activities. The Committee received information on Cancer Council SA's readiness for the change. Cancer Council SA will arrange for this annual and financial report to be lodged with the ACNC.

The second area of significant change was the introduction of the unified Workplace Health and Safety (WHS) legislation in South Australia. The Committee considered and recommended the WHS to the Board of Directors.

Each year the Committee reviews the annual financial statements and the report of the external auditor.

The Committee met with the auditor to discuss emerging financial reporting requirements, the Financial Reports and Statements and the conduct of the audit.

\* Review conducted by the Investment Committee  
^ Review conducted by the Nomination and Remuneration Committee

**Mr Simon Abraham**  
Chairman

## Investment Committee

As an advisory Committee to the Board, the Investment Committee is responsible for:

- Recommending investment policy and monitoring its administration.
- Reviewing financial risk in respect to investment management.
- Reviewing and monitoring investment mandates, including allowable investments.
- Reviewing the appointment of fund managers and their performance.
- Monitoring compliance with investment policy.
- Receiving and considering large and/or non-standard investment related transactions.

Investment returns for the financial year of 26.04% were significantly in excess of the long-term average of 9.39%^ reflecting a positive change in financial market sentiment. The Committee expects financial markets to be more subdued in the coming financial year and the investment return to be below the long-term average.

Cancer Council SA's investment portfolio comprises direct portfolio investments and investment portfolios managed by professional external fund managers. The Committee met with and monitored the performance of the external fund managers and the direct portfolio advisors. The portfolio was re-balanced to maintain the allocation of funds between investment and cash assets.

A major review of the Investment Policy was undertaken in the period under review. Key extracts from the revised policy can be found at [www.cancersa.org.au/about/board-of-directors](http://www.cancersa.org.au/about/board-of-directors)

Cancer Council SA maintains an investment portfolio to provide liquidity and financial security against the financial risks of declining community fundraising and the long-term liabilities arising from research funding contracts. The policy incorporates prudent financial management elements to ensure a diversified portfolio profile. Income from the investment portfolio more than covers Cancer Council SA's Corporate Governance costs with the excess directed to cancer research, prevention and support activities. At 30 June 2013 the investment portfolio was valued at \$25.3m.

^ Australian 10 year ASX 200 Accumulation index.

**Mr Con Michalakis**  
Chairman

## Nomination and Remuneration Committee

As an advisory Committee to the Board, the Nomination and Remuneration Committee is responsible for:

### Remuneration

- Recommending remuneration policy.
- Reviewing performance and setting the Chief Executive's remuneration.
- Monitoring remuneration of General Managers and staff within Board approved budgets.
- Audit compliance of remuneration practice with approved the policy.

### Board nomination

- Advise the Board on policy issues relating to Board composition.
- Set core competencies for Directors.
- Develop a pool of future Director candidates.
- Manage the Director selection process and recommend a shortlist of Directors to the Board for consideration.
- Manage the Director and Board performance evaluation process.

### Remuneration

The Committee reviewed and recommended changes to the remuneration policy. Cancer Council SA uses a transparent approach to setting and reviewing employee remuneration based upon independent market based information to attract and retain the best people.

The policy is based on the following principles:

- Employee remuneration is based upon the duties and responsibilities he/she is expected to perform.
- Those duties and responsibilities are assessed using an externally sourced method to establish an independently verifiable position grading.
- The position grading will provide a guide to the remuneration for the applicable position.
- Remuneration will be competitive with the external market in which Cancer Council SA operates and be cost effective.

Council SA bases its remuneration on the 25th percentile of general market positioning determined by the external advisor as appropriate for the sector taking into account the ability to salary package and Fringe Benefits Tax exemption. Cancer Council SA uses Mercer Consulting Australia Pty Ltd to provide the independent market based information.

The committee reviewed the performance of the Chief Executive against agreed key performance indicators, determined that all the requirements were met and approved a salary review based on the Mercer recommendation.

The Committee received a report from the Chief Executive on the General Manager's performance against an agreed set of key performance indicators and the proposed salary adjustments which were within the Board approved budget.

The Chief Executive briefed the Committee on 2012–13 staff remuneration package adjustments which were in line with Mercer recommendations and the Remuneration Policy.

### Board nominations

The Committee considered the composition of the Board in light of:

- The changing strategic operating environment of the company over the next 3–5 years, as defined in the strategic plan.
- The future skill base requirement of the Board.
- Current Board skill base.
- Expected Director rotation and appointment policy.

The Committee recommended the Board conduct a gap-analysis, comparing the optimal Board composition base with the current skill base and determine skills to be obtained or enhanced for effective board renewal. Criteria being considered include:

- Functional knowledge.
- Industry diversity.
- Regulatory knowledge of Directors' duties and responsibilities.
- Knowledge of the industry.
- Knowledge of technology and its likely impact on the business environment.
- Personal qualities and behavioural styles.
- Board diversity.

This work is underway and will be completed by November 2013. The Committee will then identify a pool of candidates that meet the requirements and recommend them to the Board of Directors for consideration.

**Ms Juliet Brown**  
Chairman

## Human Research Ethics Committee (HREC)

The HREC was constituted in accordance with the National Health and Medical Research Council (NHMRC) guidelines. It was identified that the number of submissions to the committee for ethics approval had decreased over the financial year to no longer meet these guidelines. The HREC agreed that unless activity increased the committee should be dissolved. The committee dissolved in June 2013 with the plan to continue to supporting research proposals through the development of partnership links with other Cancer Councils and the tertiary sector. This partnership support will provide ongoing high level governance for Cancer Council SA research.

**Professor Michael James**  
Chairman

## Cancer Research Committee

The role of the Cancer Research Committee is to assist the Board fulfil its responsibility to monitor and assess Cancer Council SA's investments in cancer research.

To perform this role the Committee will:

- Assess the South Australian Health and Medical Research Institute's (SAHMRI's) performance and management of the the \$20m Cancer Council Beat Cancer Project partnership with the South Australian Government and the three South Australian universities against a set of key deliverables.
- Recommend future cancer research investment options as this project contract nears completion.
- Monitor performance of the Peter Nelson Leukaemia Research Fellowship Fund recipient Dr Hayley Ramshaw.
- Monitor performance of the SA Cancer Genome Facility against agreed key deliverables.
- Provide advice to the Board on matters regarding cancer research.

The Inaugural Cancer Research Committee meeting was held at Cancer Council SA on 1 November 2012.

The Committee received a report from SAHMRI and considered its allocation of research funds in the following categories:

- Research.
- Infrastructure project grants.
- Research Chairs at the participant universities.
- Research Fellowships.
- Scholarships and travel grants.

The report identifies the field of research, the administering institution and the amount awarded. This information will be used as the baseline data for the assessment of future year's performance.

A key consideration in future reviews will be the ability of recipient institutions to leverage the Cancer Council Beat Cancer Project funding to attract investment in South Australia and that the research investment is directed to establishing and maintaining the workforce necessary for South Australia to be a world leader in cancer research.

The Committee considered the work of the Peter Nelson Leukaemia Research Fellowship Fund recipient, Dr Hayley Ramshaw. Dr Ramshaw received \$120,000 in funding from Cancer Council SA in the year under review.

Future meetings of the Committee will receive a report from the Dr Angel Lopez on the work of the SA Cancer Genome Facility. Cancer Council SA provides \$105,000 pa under a 5 year contract to support the operation of this facility,

**Professor Judith Dwyer**  
Chairman

