

CONTROLLED AND NON-CONTROLLED ENTITIES POLICY AND PROCEDURE



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1 PURPOSE

- 1.1 This policy and procedure establishes a governance framework for controlled entities (companies which the University controls, which are also known as University companies or University subsidiary companies) and non-controlled entities (companies in which the University is a shareholder but does not have a controlling interest). This framework aims to ensure:
- the University Council is informed about and maintains control of the University's exposure to potential liabilities and risks arising from establishing controlled entities and participating in non-controlled entities
 - the University, and those to whom this policy and procedure applies, comply with the [Corporations Act 2001](#) (Cwlth) in relation to taking part in, forming and managing University companies, and
 - the University's resources are used economically, effectively and efficiently to achieve the University's stated objectives and best interests.

2 SCOPE

- 2.1 This policy and procedure applies to University controlled and non-controlled entities, and to:
- the University, the University Council (hereafter 'Council') and the Deputy Vice-President (Students) and University Secretary
 - individuals appointed as a company director, company secretary or company board member
 - company members (shareholders), and
 - University employees to whom this policy and procedure assigns responsibility.

3 POLICY STATEMENT

Authority to create or acquire a controlled entity and to join or take part in creating a non-controlled entity

- 3.1 Section 61 of the [Central Queensland University Act 1998](#) (Qld) empowers the University to be a member of, form, take part in forming or managing a corporation, and specifies the objectives for which this authority may be used.
- 3.2 The Council has sole authority to approve the formation or acquisition of a controlled entity, and to approve the forming or joining of a non-controlled entity. This authority is not delegated beyond the Council.

Circumstances for a company structure

- 3.3 The Council decides the circumstances in which it deems a company structure to be the best means for achieving the University's objectives, without unduly increasing the University's risk profile. These circumstances may include but are not limited to:
- ventures that require a separate legal entity
 - joint activities with universities of other jurisdictions or other entities where a joint venture structure is not appropriate, or
 - a path to privatising a function where forming a company is a preliminary necessity to enable the sale of shares.
- 3.4 A company structure must not be used to:
- undertake a normal University activity
 - reduce transparency and accountability in using University or public funds and assets
 - avoid obligations to comply with legislation and policies applicable to the University
 - appease parties external to the University, who may not be subject to the same accountability mechanisms as the University, or
 - shelter the University from risks that would not otherwise be acceptable.

Appointing company office holders, board members, auditors, and other individuals

- 3.5 The Council has sole authority to appoint company office holders (i.e. company directors and company secretaries) and board members to University controlled entities and non-controlled entities where a University appointment is required, upon recommendation of the Strategic Planning and Projects Committee.
- 3.6 When appointing company directors and board members, the Council will:
- ensure the board has the skills, knowledge and experience necessary to undertake proper stewardship and control of the company,
 - ensure company directors and board members do not have any unmanageable conflicts of interest, and
 - appoint to the board some directors or board members who are not Council members, University employees or students.

- 3.7 The Council will appoint the Deputy Vice-President (Students) and University Secretary as company secretary of all University companies, unless the Council decides otherwise.
- 3.8 The Council will appoint the Auditor-General as the auditor for all controlled entities, except for dormant entities.

Appointee obligations

- 3.9 Company director, company secretary and company board member obligations are set out in the *Corporations Act* and, as such, appointees to these positions are responsible for understanding and satisfying their statutory obligations.
- 3.10 On appointment, appointee company directors and board members must undertake in writing to the Deputy Vice-President (Students) and University Secretary to provide an annual report and audited financial statements for the company of which they are a director or board member, where the Deputy Vice-President (Students) and University Secretary is not the company secretary.
- 3.11 Company directors and board members must provide a completed annual declaration of interest form to the company secretary. The company secretary will maintain a register of declarations.
- 3.12 The Council will appoint an individual, other than the company director or board member, who will:
- represent the University at the company's annual general meeting, and
 - submit the annual general meeting papers to the Deputy Vice-President (Students) and University Secretary (for the University's Audit, Risk and Finance Committee and the Council), where the Deputy Vice-President (Students) and University Secretary is not the company secretary.

Company governance

- 3.13 The Council will monitor each company's risk profile, financial viability and accountability structure while they remain in operation to maintain awareness and control of the University's exposure to associated potential liabilities and risks.
- 3.14 To enable the Council to monitor company governance and performance effectively, each company board must establish and maintain company governance mechanisms consistent with this policy and procedure.
- 3.15 Council members or University employees who are also a company director, company board member or company secretary must ensure their activities and interests do not conflict with their obligations to the University. Any conflicts of interests that may arise must be declared and managed in accordance with the University's [Conflict of Interest Policy and Procedure](#).

Controlled entities

Reasons for establishing controlled entities and their duties

- 3.16 Controlled entities may be established or acquired by the University for a variety of reasons including:
- to provide an appropriate governance framework for the management of specialised functions of the University
 - to separate the management of non-core functions of the University from core functions
 - to provide for a level of independence in the decision making or operation of a function of the University
 - to enable the University to establish a more flexible operational environment to manage specific functions of the University
 - to act as a holding entity for specific activities of the University, or
 - to assist the University in its objectives as contemplated by section 61 of the *Central Queensland University Act*.

- 3.17 Controlled entities operate at arm's length from the University and may have duties and responsibilities imposed by law, in addition to any duties, functions or limitations imposed under the *Central Queensland University Act*.
- 3.18 As decision-making bodies, controlled entities are capable of exposing the University to increased levels of risk and liability for their decisions and activities. Therefore, the Council must take reasonable steps to ensure that controlled entities always operate in the best interests of the University and are accountable to the University, in addition to meeting their own stated objectives.

Application of University policy documents

- 3.19 The policy documents of the University relating to internal management processes apply to controlled entities, where specified in those documents, however if a controlled entity is registered in a country other than Australia, the policy documents of the University must be read in conjunction with the laws of the country in which the controlled entity is registered. If there are inconsistencies between the policy documents of the University and the laws of the country in which the controlled entity is registered, then the laws of the country prevail.

4 PROCEDURE

Forming or acquiring a controlled entity or taking part in forming a non-controlled entity

- 4.1 When proposing to form or acquire a University controlled entity (hereafter 'company'), the Proposer must follow three steps (described below and in [Appendix A](#)):
- 1) preliminary consultation for in-principle support and, subject to receiving that support
 - 2) submitting a business case for the Council's approval, and
 - 3) starting (forming/acquiring) a company.
- 4.2 These steps also apply when taking part in forming a non-controlled entity.

Step 1: Preliminary consultation for in-principle support

- 4.3 The Proposer will consult with the Vice-Chancellor and President and relevant members of the University's Senior Executive, and must provide them with the following minimum information in writing:
- the proposed company's purpose
 - reasons for using a company structure
 - strategic risk assessment, and
 - proposed oversight arrangements.
- 4.4 When documenting this information, the Proposer must address the topics listed in section 4.2. Points to consider when addressing these topics are in [Appendix A](#). Preliminary consultation is for addressing initial high-level governance issues only.
- 4.5 The Vice-Chancellor and President and relevant members of the University's Senior Executive will consider the information provided to evaluate whether:
- a company is the best structure to achieve the University's interests and stated objectives, and
 - the company structure will not unduly increase the University's risk profile.
- 4.6 If the Vice-Chancellor and President and relevant members of the University's Senior Executive supports in-principle the concept of a proposed company, the Proposer will proceed to Step 2.
- 4.7 The Vice-Chancellor and President and relevant members of the University's Senior Executive may withdraw their in-principle support in view of additional information, including the subsequent business case. In-principle support does not constitute Council approval.

Step 2: Submitting a business case for Council approval

- 4.8 Subject to receiving the above in-principle support, the Proposer will prepare a business case and addressing the following topics:
- 1) proposed company's purpose
 - 2) reasons for using a company structure
 - 3) proposed name and type of company
 - 4) constitution
 - 5) members
 - 6) directors
 - 7) company secretary
 - 8) administration
 - 9) risk assessment
 - 10) financial viability
 - 11) financial and performance accountability
 - 12) taxation
 - 13) ancillary agreements, and
 - 14) other issues.
- 4.9 When documenting this information, the Proposer must address the topics listed in section 4.8. Points to consider when addressing these topics are in [Appendix A](#). More information about these topics is available on the [Australian Securities and Investments Commission](#) (ASIC) website.
- 4.10 When proposing to acquire an interest in an existing company, the Proposer will include additional information in the business case to assist the Council to evaluate the company's risk profile. Where possible, the Proposer must quantify risks during the risk assessment and due diligence process, and specify in the business case how these risks will be addressed. Points to consider when addressing these topics are in [Appendix A](#).
- 4.11 When preparing the business case, the Proposer must:
- use the [Business Case Template](#) and adapt if needed to ensure all the topics above are addressed
 - incorporate the information, including all agreed issues, from the preliminary consultation phase into the business case
 - obtain independent legal and other professional advice, if appropriate, and
 - consult with and Vice-Chancellor and President and relevant members of the University's Senior Executive to identify any other matters for which Council approval may be required (e.g. these may depend on the proposed company's operational circumstances).
- 4.12 The business case must be accompanied by a Company Director and Company Secretary Nomination Form setting out the information required for the Council under sections 3.6 and 3.7 of this policy and procedure.
- 4.13 The Proposer must submit the business case through the relevant Senior Executive Sponsor to the Strategic Planning and Projects Committee. The Strategic Planning and Projects Committee may seek additional information and re-submission of the business case, or recommend the business case to the Council for approval.
- 4.14 The Council will evaluate the business case to decide whether a company is the best means for the University to undertake the activity. During its evaluation, the Council:
- will consider the proposed company's risk profile, financial viability and accountability frameworks
 - will consider the skills, knowledge and experience of the company's proposed directors

- may weight these considerations differently depending on whether the University is to wholly or partly own the company, and
 - may consider any other issues the Council deems relevant in making its decision.
- 4.15 The Council has discretion to approve or reject the business case in full or in part and, depending on the circumstances, may impose additional requirements as formal conditions of any approval.

Step 3: Starting a company

- 4.16 If the business case is approved, the Deputy Vice-President (Students) and University Secretary and Director Governance will consult with the Senior Executive Sponsor/Proposer to determine what action is necessary to implement the Council's decision and to start the company (e.g. establishing the company's constitution, registering the company). Information about starting a company is available on the [ASIC website](#).
- 4.17 The company must provide Directors and Officers Insurance for its board members and officers.
- 4.18 The company must offer a Deed of Access, Indemnity and Insurance to its board members. The template Deed is available from the Director Governance.
- 4.19 For companies established outside of Australia, the decision to offer a Deed of Access, Indemnity and Insurance to its board members will be made on a case-by-case basis in conjunction with local legal requirements.
- 4.20 If the company wishes to use a CQUniversity location as its registered office, documented permission must be obtained from the Deputy Vice-President (Students) and University Secretary.

Company constitution

- 4.21 Before the University enters an arrangement to form or acquire a company (wholly or in part), legal advice on the constitution's content must be obtained to protect the University's rights.
- 4.22 If the University will have only part ownership or control of the company, where possible and appropriate, the constitution must include provisions requiring the Council's prior approval:
- when company members propose amendments to the objects of the company or any other key provisions of the constitution, and
 - when company members propose that the company forms a subsidiary company.
- 4.23 If it is not possible or appropriate to include the above provisions in the constitution, a clause must be included to ensure amendments to the constitution and the formation of subsidiary companies cannot occur without the support of the University's representative member. In this case, include a clause in the constitution requiring:
- unanimous approval of the members, or
 - a special resolution to be supported by the University's representative member.

Monitoring company governance and performance

- 4.24 The company board must:
- comply with the Council-approved purpose of the company and any terms and conditions on which the Council's approval was based, and consult the Council where any changes in the company's circumstances or status may depart significantly from the approved purpose or terms and conditions
 - not amend its constitution contrary to the Council's approved purpose, terms and conditions
 - establish a board charter, meet its obligations, and review it annually
 - establish a Code of Conduct (noting that the University's [Code of Conduct](#) may be appropriate for this purpose) that deals with any conflicts that may arise between an individual's duties as a Council member

or University employee and as a University company director, company secretary or company board member

- exercise good corporate governance and accountability, including high standards of internal control, ethical practices and external reporting, and establish documented policy documents to support its governance system
- document a clear corporate and business strategy, including long-term objectives and an annual business plan with achievable and measurable performance targets and milestones, which the board updates annually and submits to the Audit, Risk and Finance Committee for noting
- regularly review the company's financial and operational performance to ensure that projected performance targets, business plans and objectives are met
- regularly review the company's financial position to ensure that it remains solvent
- review and assess any change in financial or other risks that may impact on the University
- monitor its performance and that of individual company office holders and board members in discharging their responsibilities, and
- document evidence of compliance with this section in its reports to the Council.

4.25 Whether or not the University wholly-owns or controls the company, it must assist the University's internal audit function by providing University auditors with access to the company's information, employees and premises to perform any audit procedures the auditors deem necessary on behalf of the University's Audit, Risk and Finance Committee.

Maintaining company registration and notifying changes

4.26 A company must maintain its registration with ASIC to continue as a company, even though the company may no longer be trading. To maintain registration, company office holders (company directors and company secretaries) are responsible for notifying ASIC of certain changes to company details and responding to an annual company statement from ASIC. Details about the types of changes to be notified, related procedures and prescribed timeframes for meeting these obligations are on the [ASIC website](#).

4.27 A University or company representative proposing to change the company's constitution (including the company's directorship, ownership or control) must:

- consult the Council in a timely manner and, where necessary, obtain its approval for the proposed changes, and
- obtain a Change to Company Details Form from the Deputy Vice-President (Students) and University Secretary for completion and return.

4.28 The Deputy Vice-President (Students) and University Secretary will use the completed form to notify ASIC within the prescribed timeframe.

4.29 The company secretary must ensure an annual solvency statement is prepared and approved by the board within two months of the company's annual review date, for active (non-dormant) companies.

4.30 The board must review the annual ASIC Company Statement and notify the Deputy Vice-President (Students) and University Secretary of any changes to be registered with ASIC.

4.31 The company secretary must ensure the ASIC annual review fee is paid by the due date.

4.32 The company secretary must ensure any changes to director details (such as address) and appointments (including resignations) are reported to ASIC within the prescribed timeframe.

Suspected financial difficulty and risk of insolvency

4.33 A company that operates while insolvent poses serious risks (potential civil and criminal liability) to company office holders and, by association, to the University. Company directors are duty-bound to prevent their company from trading while insolvent or while they have reasonable grounds to suspect the company will become insolvent.

- 4.34 If a Council member, company director, company board member or University employee reasonably suspects the company has financial difficulties, and has become insolvent or risks becoming insolvent, they must consult the Vice-Chancellor and President and relevant members of the University's Senior Executive immediately.
- 4.35 The Vice-Chancellor and President and relevant members of the University's Senior Executive will seek legal and/or other professional advice to decide what action is necessary if the company's ability to continue operating is in doubt.

Closing a company

- 4.36 The Council may decide to discontinue the University's ownership or control of a company or the company board may propose to the Council that the company be wound up or deregistered, even though the company is solvent.
- 4.37 If the Council, company directors or company board proposes that the company be deregistered or wound up, they must first consult the Vice-Chancellor and President and relevant members of the University's Senior Executive.
- 4.38 The Vice-Chancellor and President and relevant members of the University's Senior Executive will:
- seek legal and/or other professional advice about the options available to the University and its statutory obligations, and
 - consult with the Council and the relevant company directors and board.
- 4.39 Approval to dis-establish a controlled entity or to withdraw from a non-controlled entity may only be granted by the Council.
- 4.40 After settling all the company's liabilities, the remaining assets are expected to be distributed according to the proportionate shareholdings, unless otherwise agreed in writing by the shareholders.
- 4.41 If the University's exit from a company must be negotiated, the Vice-Chancellor and President is authorised to depart from a proportionate distribution, if the premium paid for the University's exit does not exceed \$1 million.
- 4.42 The Vice-President (Student and Corporate Services) must make arrangements to ensure final financial statements are prepared and signed-off by the company directors and the auditor before the directors' responsibilities cease.

5 RESPONSIBILITIES

Compliance, monitoring and review

- 5.1 University company directors and company secretaries are responsible for meeting their obligations under the *Corporations Act* and this policy and procedure.
- 5.2 Council, in conjunction with the Deputy Vice-President (Students) and University Secretary, are responsible for implementing, monitoring, reviewing and ensuring compliance with this policy and procedure.

Reporting

Annual report

- 5.3 Company boards must prepare and submit an annual report each year at the end of the company's financial reporting year to the Audit, Risk and Finance Committee for noting and for recommendation to the Council for noting. Annual reports must include the following information:
- governance structure (including board members and committee details)
 - management structure
 - strategic direction and report against yearly key performance indicators

- financial performance and outlook (taken from statutory accounts)
- staff achievement (highlights)
- student/graduation achievement (highlights) where relevant
- areas of significant risk, and
- future outlook.

5.4 Annual report submissions must be accompanied by the company's annual financial statements.

Annual financial statements

5.5 Company boards must prepare and submit annual financial statements at the end of the company's financial reporting year to the Audit, Risk and Finance Committee, for noting. The University will provide assistance with financial statement preparation.

5.6 Company annual financial reports must include an auditor's report (including audit certification and management letter) by an external auditor (i.e. a State or National auditor-general) where appropriate. All controlled entities are subject to audit by the Auditor-General, except for dormant controlled entities which are subject to audit by the University.

5.7 Company annual financial statements must be submitted to the same meeting of the Audit, Risk and Finance Committee as the University's consolidated annual financial statements.

Annual budget

5.8 Company boards must prepare and submit an annual budget in advance of the company's financial year to the Audit, Risk and Finance Committee, for noting. For companies with a calendar financial year, the annual budget for the following year must be submitted by the final Audit, Risk and Finance Committee meeting of the current year.

Annual strategy

5.9 Company boards must update and submit annually their corporate and business strategy, including long-term objectives and an annual business plan with achievable and measurable performance targets and milestones, to the Audit, Risk and Finance Committee for noting.

Additional reporting for companies delivering/offering educational services

5.10 University companies that deliver/offer educational services to students must also submit to the Council (via the Audit, Risk and Finance Committee) a report each term after the census date. These reports must include:

- an analysis of financial performance, which includes details of profit and loss, revenue and student numbers, employee numbers and salaries, and any other major financial matters
- a brief report against key performance indicators, and
- a brief report on other key issues that either the company's board or management wishes to raise.

Records management

5.11 Company directors and company secretaries have recordkeeping responsibilities under the *Corporations Act*. More information about these obligations is on the [ASIC website](#).

5.12 Employees must manage records in accordance with the [Records Management Policy and Procedure](#). This includes retaining these records in a recognised University recordkeeping information system.

5.13 University records must be retained for the minimum periods specified in the relevant [Retention and Disposal Schedule](#). Before disposing of any records, approval must be sought from the Records and Privacy Team (email records@cqu.edu.au).

6 DEFINITIONS

- 6.1 Terms related to companies (e.g. company directors, company secretaries, company members, insolvency) are defined in the *Corporations Act*. More information about companies and related terms is on the [ASIC website](#).

Terms and definitions

Company: an entity formed and registered under the *Corporations Act 2001 (Cwlth)* or an entity formed and registered under the corporations laws of a country or state outside Australia.

Company constitution: the set of rules governing a company. A constitution includes information such as the company's objectives, governance structures, members' rights and responsibilities, the appointment and powers of company directors, and rules about making changes to the constitution. The constitution is effectively a contract between:

- the company and each member
- the company and each company director and company secretary, and
- a member and each other member.

Control: the capacity of the University to lead decision making, directly or indirectly, in relation to the financial and operating policies of the entity to enable that entity to pursue the goals of the University.

Controlled entity: an entity that satisfies the test of control in section 50AA of the *Corporations Act 2001 (Cwlth)* and includes:

- an entity which the University wholly owns;
- an entity in which the University holds a partnership interest or other legal or beneficial interest of any kind (including shareholding interest or membership interest);
- an entity which the University controls; and
- an entity formed and registered in Australia or in a country or state outside Australia.

University company (or company): in the context of this document means any company wholly- or partly-owned by the University, controlled by the University, or in which the University has a substantial shareholding to the extent that the University is entitled to appoint a company director to represent its interests.

7 RELATED LEGISLATION AND DOCUMENTS

[Australian Accounting Standards](#)

[Australian Securities and Investments Commission \(ASIC\) website](#)

[Business Case Template](#)

[Central Queensland University Act 1998](#) (Qld)

Change to Company Details Form

Company Director and Company Secretary Nomination Form

Consent to Act as Director Form

Consent to Act as Company Secretary Form

[Corporations Act 2001](#) (Cwlth)

[Corporations Regulations 2001](#) (Cwlth)

8 FEEDBACK

- 8.1 Feedback about this document may be emailed to policy@cqu.edu.au.

9 APPROVAL AND REVIEW DETAILS

Approval and Review	Details
Approval Authority	Council
Delegated Approval Authority	N/A
Advisory Committee	Audit, Risk and Finance Committee
Required Consultation	N/A
Administrator	Deputy Vice-President (Students) and University Secretary
Next Review Date	28/04/2024

Approval and Amendment History	Details
Original Approval Authority and Date	Council 08/12/2007
Amendment Authority and Date	Executive Director (Corporate Services) 2010; Council 20/08/2012; Council 01/07/2016; Council 20/08/2020; Council 28/04/2021.
Notes	This document consolidated and replaced the University Companies and Directors Policy and the Formation, Acquisition and Post-Approval Monitoring of University Companies Procedures (01/07/2016). This document was formerly known as the Company Governance Policy and Procedure (01/07/2016).

Acknowledgement

The University acknowledges its use of the Queensland Treasury's 'Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies', in developing this policy and procedure.

10 APPENDIX

Appendix A: Issues to be addressed in preliminary consultation and the business case

PRELIMINARY CONSULTATION (STEP 1)	
The proposed company's purpose	<ul style="list-style-type: none"> • What are the proposed company's specific objectives and desired outcomes? • What will be the company's main activity? • What is the company's proposed life span? Is it intended to have a limited existence (e.g. to carry out a specific project)? • Will there be any ongoing interactions between the University and the company in the project or program other than for monitoring purposes? If so, what will these interactions be?
Reasons for using a company structure	<ul style="list-style-type: none"> • Why can this activity not be undertaken within the University's normal operational boundaries? • To what extent will this activity overlap with the University's normal day-to-day activities? If there is potential overlap, what steps will be taken to avoid duplication? • How does establishing a separate body justify the investment, additional staff, and financial and other resources required? • Why is a company the best structure for the activity? • If the activity to be undertaken by the proposed company is a commercial activity, why can it not be undertaken by the University (e.g. on a fee-for-service basis)?
Strategic risk assessment	<ul style="list-style-type: none"> • How will the company be funded for its establishment and ongoing operations? • When is the company expected to reach break-even point or deliver a return on investment? • How will the company be viable over the long term? • What, if any, indemnities or guarantees are to be provided to the company or its office holders? • What are the risks to the University in forming the company? (Consider risks such as reputation, financial contingencies, legal liabilities and community concerns.)
Proposed oversight arrangements	<ul style="list-style-type: none"> • Who will be the designated shareholders? • Will there be sole, dual or multiple ownerships? If so, what will be the different shareholdings? • How will the board be structured? • Who will be the board members? • Will the board members be remunerated? • Who will be the company secretary? • What will be the board's decision-making process (e.g. simple majority)? • What powers will the University have over the company? • Does the proposed board structure include members with higher education, public and/or private sector knowledge and experience? • What other acts, regulations and/or policies will be applicable to the company and how will these improve or impact on its accountability and performance? • How will the company ensure that it reports to and/or consults with the University on strategic issues?

BUSINESS CASE (STEP 2)	
Preliminary consultation	<ul style="list-style-type: none"> • Incorporate information, including all agreed issues, from the preliminary consultation phase into the business case.
Proposed name and type of company	<ul style="list-style-type: none"> • What is the proposed company's name? • Does the name comply with Schedule 6 of the Commonwealth Corporations Regulations 2001? • What is the proposed type of company? • Why was the proposed type of company selected?
Constitution	<ul style="list-style-type: none"> • Does the objects clause identify and restrict the business and activities in which the company may engage? • What are the members' voting rights? • Does it address the appointment and termination of directors and/or managing director? • What are the directors' powers? • How are board resolutions made (e.g. by simple majority)? • For a wholly-owned or controlled company, is the Council's approval required for forming subsidiaries and/or amendments to the constitution? • For a non-wholly owned or controlled company, is unanimous approval of the members or the approval of special resolution supported by the members representing the University required for forming subsidiaries and/or amendments to the constitution? • Is there a documented schedule of authorities and financial delegations that specifies the legal authority for company staff and office holders to exercise specific powers and carry out certain actions?
Company members	<ul style="list-style-type: none"> • Companies limited by shares: <ul style="list-style-type: none"> ○ Who will be the members? ○ How will the shares be held for the University, that is, if a trust is used, who will be the trustee? ○ What will be the shareholding of each member? ○ What will be the rights of each member, that is, voting and entitlement to profits? ○ Are the rights of the class of shares to be held by the University the same as the other members? If not, provide justification. ○ How will new members be added and removed? • Companies limited by guarantee: <ul style="list-style-type: none"> ○ Who will be the members and what is the amount of the guarantee these members have agreed to undertake? ○ If the members have guaranteed different amounts, why is that? ○ What rights do the members have under the constitution? ○ How will new members be added and removed?
Company directors	<ul style="list-style-type: none"> • Provide the name and address for each proposed director. • Provide the proposed directors' written consent to act as director. • Provide details of relevant professional background, skills and experience. • Provide details of other appointments. • Provide a curriculum vitae as evidence of the proposed directors' ability to comply with their obligations and duties under the Corporations Act. • Provide details of proposed remuneration, if any. (i.e. total remuneration, including benefits such as car parks, telephone allowances, etc.). • Does the director have any current and/or potential conflict of interest with the interests of the company and, if so, how will this be managed? • Has a police check been undertaken to confirm if the person is eligible for appointment (e.g. current or past offences under the criminal and company law?)

BUSINESS CASE (STEP 2)	
Company secretary	<ul style="list-style-type: none"> • Provide the name and address of the proposed company secretary. • Provide the proposed company secretary's written consent to act as company secretary. • Provide details of relevant professional background, skills and experience. • Provide details of other appointments. • Provide a curriculum vitae as evidence of the proposed company secretary's ability to comply with their obligations and duties under the Corporations Act. • Provide details of proposed remuneration, if any (i.e. total remuneration, including benefits such as car parks, telephone allowances, etc.). • Does the company secretary have any potential conflict of interest with the interests of the company and, if so, how will that be managed? • Has a police check been undertaken to confirm if the person is eligible for appointment (e.g. current or past offences under the criminal and company law?)
Administration	<ul style="list-style-type: none"> • Provide information about the proposed administrative arrangements for the company, including arrangements in respect of its registered office, company registers, proposed chief executive officer, preparation of accounts, and lodgment of ASIC returns. • If it is proposed that the individuals who establish the company will not be involved in its long-term management, provide details of an appropriate hand-over plan, which must be provided with the business case to ensure that those parties responsible for the company's ongoing management will be adequately briefed on any outstanding issues and will be able to adequately perform that management role.
Risk assessment	<ul style="list-style-type: none"> • What are the risks? • What is the possibility of each of these risks occurring? • What are the potential consequences for each of these risks if they occur? • What mitigating factors and controls are in place or will be put in place?
Financial viability	<ul style="list-style-type: none"> • Does the company's strategic plan include the: <ul style="list-style-type: none"> ○ mission? ○ long-term (five-year) goals? ○ nature of the activities? ○ key drivers of business? ○ resource requirements (e.g. infrastructure, human, systems, etc.)? ○ initial investment for establishing the proposed company? ○ financial requirements (e.g. capital, operational and cash flow requirements)? ○ measurements for success and deviation from the plan? • Regarding funding, guarantees and indemnity: <ul style="list-style-type: none"> ○ What are the expected sources of funding? ○ What financial contributions may be required from the University? ○ Are there any proposed guarantees that the University may be required to provide to support the company's obligations? If so, explain why they should be provided and the potential liabilities to the University. ○ Are there any proposed indemnities that the University will be required to provide? If so, explain why they should be provided and the potential exposure to the University. • Regarding member contributions: <ul style="list-style-type: none"> ○ Will the University be making contributions to the company other than by way of equity or guarantee (e.g. grant funding, making staff or other resources available to the company)? If so, what is the approximate monetary value of this contribution? ○ If the University is making contributions to the company, what contributions are the company members providing? ○ What are the University's and company's key terms and obligations?

BUSINESS CASE (STEP 2)	
Financial accountability	<ul style="list-style-type: none"> • Will the University have control over the company (i.e. the power to govern the company's financial and operating policies to obtain benefits from its activity)? • How will general purpose financial statements will be prepared? • How frequent will the results be reported to the University? • What is the expected financial impact on the University? • Where special purpose reporting is proposed, the business case must contain: <ul style="list-style-type: none"> ○ the basis of reporting, such as accrual or cash, and which Australian Accounting Standards will be applied, and ○ the content and format of the reports, for example the: <ul style="list-style-type: none"> – financial statements for the year – notes to the financial statements, and – directors' declaration about the statements and notes. • The Auditor-General and the Queensland Audit Office are the company's external auditors. • The University's internal audit function must have the ability and authority to access to the company's information, staff and premises (whether the company is wholly-owned, controlled, or otherwise) to perform any audit procedures necessary to inform the Council and its committees of the company's financial status (or to appoint someone to undertake same).
Taxation	<ul style="list-style-type: none"> • Identify any implications relating to: <ul style="list-style-type: none"> ○ Goods and Services Tax (GST) ○ Income Tax or National Income Tax Equivalents Regime (NTER) ○ Fringe Benefits Tax (FBT), and ○ State legislated tax regimes. • How will the tax implications be addressed? • Has applying for an exemption from income tax been considered? (e.g. not-for-profit companies may be eligible for tax concessions). (Legal advice may be needed.)
Ancillary agreements	<ul style="list-style-type: none"> • If there are any ancillary agreements, are they aligned with the company's long-term objectives and constitution? (Legal advice may be needed.) • Are all ancillary agreements included in the business case?
Acquiring an interest in an existing company	<ul style="list-style-type: none"> • From whom is the company being acquired? • Why is the company being acquired? • Is the company a going concern? • What are the existing governance structures? • Consider the following for inclusion, if appropriate: <ul style="list-style-type: none"> ○ a brief history of the company ○ the latest audited financial statements and a review of the company's financial performance, including accounting and tax issues confronting the company ○ the results of any searches and a comprehensive due diligence review ○ details of the arrangements by which ownership will be acquired, including any proposed contracts ○ details of any possible conflicts of interest related to the acquisition, and ○ a cost-benefit analysis to support the acquisition.