

Shareholding and Controlled Entities Policy

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Description	University requirements relating to shareholdings and controlled entities.

Related documents

[Auditor-General Act 2009 \(Qld\)](#)

[Australian Accounting Standards Board](#)

[Corporations Act 2001 \(Cth\)](#)

[Treasury Policy](#)

[Voluntary Code of Best Practice for the Governance of Australian Public Universities](#)

Shareholding and Controlled Entities Procedure

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1. INTRODUCTION

The *Griffith University Act 1998 (Qld)* allows the University to become a member of, form, take part in or manage an external corporate entity, where the objectives of the external corporate entity are consistent with the Act.

Controlled entities and shareholdings can make important contributions in achieving the University's overall objectives. This policy establishes a governance framework for controlled entities and shareholdings that is consistent with the University's strategic goals, governance and risk management practices, to assist Council fulfil its obligations under the Act.

2. POLICY STATEMENT

The University may consider owning shareholdings in companies or the establishment of separate entities for reasons such as strategic purposes, research collaboration or in exchange for intellectual property rights. Regardless of the purpose, there must be clear benefits in terms of financial, legal, governance and risk management.

The ownership of shares or equity places obligations on the University to ensure its interests are represented and protected, periodically review performance against expectations, decide whether to retain involvement and accurately report in the University's financial statements.

As decision-making bodies, controlled entities or entities in which the University has a shareholding, are capable of exposing the University to increased levels of risks and liability relating to their decisions and activities. To minimise financial and reputational risk, whilst limiting governance complexity, there is a rebuttable presumption that new ventures and strategic initiatives are best delivered through University operations, rather than establishing separate legal entities.

3. DEFINITIONS

- 3.1. Controlled Entity is an entity which is controlled by another entity as defined in the Australian Accounting Standards Board AASB 10 Consolidated Financial Statements and requires all of the following; power over the other entity; exposure, or rights, to variable returns from its involvement with the other entity; and the ability to use its power over the other entity to affect the quantity of returns it receives from that other entity
 - 3.2. A shareholding is an investment by the University in the equity of an external entity or representation in the entity's membership which does not meet the definition of a controlled entity.
 - 3.3. Business Liaison Officer is a representative of the Element which is responsible for assessing annual performance against objectives, maintaining communication between the University and the external entity and recommending the most appropriate ongoing involvement for the University. The position can not be held by a Director of the entity and is only required for shareholdings not considered to be a controlled entity (as in those instances the directors will act as the Business Liaison Officer).
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4. ROLES, RESPONSIBILITIES AND ACCOUNTABILITIES

4.1. Council

- Approve the Shareholding and Controlled Entities Policy; and
- Approve the establishment, acquisition, sale or winding up of a controlled entity (on recommendation of the Finance, Resources and Risk Committee)

4.2. Finance, Resources and Risk Committee

- Recommend to Council the establishment, additional investment, sale or winding up of a controlled entity;
- Approve the establishment, acquisition, sale or winding up of a greater than twenty percent shareholding;
- Annual review of shareholding and controlled entity performance (including a review of the audited financial statements);
- Approve a controlled entity's strategic and operational plan, including a budget, for the next financial year. To include achievable and measurable performance targets and milestones;
- Annual review of a controlled entity's Board skills and expertise to assess the knowledge and experience necessary to provide proper stewardship and control of the entity; and
- Appoint a controlled entity's directorships and approve remuneration (if any)

4.3. Vice Chancellor and President

- Approve the establishment, acquisition, sale or winding up of a less than twenty percent shareholding.

4.4. Vice President (Corporate Services)

- Appoint Business Liaison Officers in relation to shareholdings (on recommendation of the relevant Executive Group representative).

4.5. Chief Financial Officer

- Review the financial performance of controlled entities and shareholdings on a regular basis and provide reporting to the Finance, Resources and Risk Committee.

4.6. Deputy Vice Chancellor (Research)

- Where the University enters a licensing agreement where part consideration is shares approval is also required from the Deputy Vice Chancellor (Research).