

Controlled Entities Policy

Section 1 - Purpose and Scope

- (1) The [University of Queensland Act 1998](#) allows the University to acquire or establish a controlled entity whose objectives are consistent with the Act and that the Senate considers appropriate in the circumstances.
- (2) The objectives of this Policy are to provide a framework in relation to:
- a. the creation, acquisition or additional investment in a controlled entity; and
 - b. ensuring that controlled entities are managed appropriately and meet their stated objectives.
- (3) This Policy applies to all controlled entities of The University of Queensland (UQ) unless otherwise stated.

Section 2 - Principles and Key Requirements

Definition of a Controlled Entity

- (4) In determining whether an entity is considered to be a controlled entity of UQ, reference should be made to the definition under [Australian Accounting Standards](#).
- (5) Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.
- (6) Control also exists when the parent owns half or less of the voting power of an entity when there is:
- a. power over more than half of the voting rights by virtue of an agreement with other investors;
 - b. power to govern the financial and operating policies of the entity under a statute or an agreement;
 - c. power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
 - d. power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

UQ Holdings Pty Ltd

- (7) The Senate has created UQ Holdings Pty Ltd ("UQ Holdings") to oversee and monitor UQ's interests in controlled entities. UQ Holdings has been delegated the responsibility for:
- a. implementing strategic guidance provided by the Vice-Chancellor and President pertaining to the controlled entities;
 - b. providing effective oversight of UQ's commercial activities in controlled entities so as to optimise the value and contributions from their activities and assets within UQ's Risk Appetite Statements and enterprise risk management framework, and comply with laws and applicable UQ governance frameworks;
 - c. ensuring the Boards of controlled entities maintain effective governance of activities, systems and processes

across the controlled entities;

- d. engaging with UQ to ascertain priority areas of focus for controlled entities;
- e. providing regular reporting to UQ on the activities and outcomes of controlled entities; and
- f. assessing performance of controlled entities and providing assurances to UQ as to their financial position and solvency.

(8) The composition, structure and proceedings of the Board of UQ Holdings are determined by the Senate following consultation with the Vice-Chancellor and President.

(9) The Board of UQ Holdings must prepare governance and oversight guidelines which apply to all entities under its control. These guidelines should cover items including constitutions, board composition, appointment of the Chief Executive Officer, board conduct, and corporate planning and reporting.

(10) These guidelines must be reviewed by the Vice-Chancellor and President on a biennial basis.

(11) The Board of UQ Holdings must report to the Senate on a regular basis through the Vice-Chancellor and President and the Senate Finance Committee.

Investments in Controlled Entities

(12) The creation, acquisition or additional investment in a controlled entity must be approved by the Senate.

(13) A separate controlled entity should only be acquired or established (as opposed to being a business unit of UQ) if:

- a. there are clear benefits in terms of finance, legal, governance, and/or risk management; and
- b. it is for the purpose of undertaking activities that align with UQ's strategic objectives and priorities.

(14) Before being approved, a business case must be prepared that includes:

- a. details of how the investment aligns with UQ's strategic objectives and priorities;
- b. an assessment of the financial and reputational benefits and risks;
- c. financial projections including a detailed cash flow forecast;
- d. the total equity investments and/or loans that will be provided to the entity by UQ;
- e. an external valuation justifying the acquisition price (when acquiring an established entity);
- f. reasons why a separate legal entity is required (when creating a new controlled entity);
- g. a chart showing where the entity will be positioned within the UQ group; and
- h. the proposed constitution, the type of entity, and Board composition.

(15) The wind-up, deregistration or sale of a controlled entity must be approved by the Senate.

Excluded Entities

(16) Where a controlled entity within the UQ Holdings group establishes its own controlled entity, approval is not required from the Senate provided that:

- a. the activities of the new entity are consistent with its other operations;
- b. there are no material risks to UQ; and
- c. approval has been obtained from the Chief Operating Officer.

(17) This protocol also applies to subsequent investments in the entity and its ultimate wind-up, deregistration or sale.

(18) For example, the creation of a commercialisation start-up company that will be 100% owned by UniQuest Pty Ltd would not require Senate approval provided the above conditions are met.

Cash Held in Controlled Entities

(19) Each controlled entity shall maintain:

- a. a prudent cash reserve to bridge short term cash flow timing differences; and
- b. any other reserves as determined by UQ Holdings.

(20) Each controlled entity should document its approach to managing its funding requirements and capital structure, in consultation with the Chief Financial Officer. This includes when and how it may call on UQ for funding.

(21) The prospect of any dividend or capital repayment should be considered annually as part of the controlled entity's budget process. There is no set dividend policy and no set dividend targets.

Section 3 - Roles, Responsibilities and Accountabilities

Senate

(22) The Senate is responsible for:

- a. approving and making alterations to this Policy;
- b. approving the creation, acquisition or additional investment in a controlled entity;
- c. approving the wind-up, deregistration or sale of a controlled entity; and
- d. approving the composition, structure and proceedings of the Board of UQ Holdings with the approval of the Vice-Chancellor and President.

Vice-Chancellor and President

(23) The Vice-Chancellor and President is responsible for:

- a. approving the governance and oversight guidelines which apply to all entities under the control of UQ Holdings; and
- b. regularly meeting with the Board of UQ Holdings (or a representative of the Board) to provide strategic direction and to review the performance of controlled entities.

Section 4 - Monitoring, Review and Assurance

(24) The Chief Financial Officer must:

- a. establish internal controls and processes that will ensure the Policy is complied with;
- b. ensure there is effective financial oversight over all controlled entities; and
- c. review the financial performance of controlled entities on a regular basis and provide a report on their performance to the Senate Finance Committee.

(25) Any breach of this Policy is to be reported to the Senate and rectified as soon as possible.

Section 5 - Recording and Reporting

(26) On a quarterly basis, the Chief Financial Officer will provide a report to the Senate Finance Committee that includes details of:

- a. the financial performance of controlled entities; and
- b. details of any breach of this Policy.

Status and Details

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Effective Date	19th May 2022
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Policy Owner	Gail Jukes Chief Financial Officer
Enquiries Contact	Finance and Business Services