

Role of the Board

Section 2.1(a) QIC's Constitution states the objective of 'QIC' is to:

"conduct a successful commercial enterprise through the efficient provision of professional investment and fund management services and other financial services to the State, statutory bodies and any other persons whatever so as to generate a satisfactory commercial return on the State's investment in the Company"

In addition, section 17 of the *Government Owned Corporations Act 1993* provides that QIC's key objectives is to be commercially successful in the conduct of its activities and efficient in the delivery of its community service obligations.

The Board has primary responsibility to the shareholding Ministers, who hold shares in QIC on behalf of the State (s80 *Government Owned Corporations Act 1993*), for guiding and monitoring the business and affairs of QIC to achieve QIC's stated objectives.

The Board is required to use its best endeavours to ensure QIC meets its performance targets (s16(b) *Government Owned Corporations Act 1993*). The Board is accountable to the shareholding Ministers for QIC's performance and QIC's statement of corporate intent will form the basis for accountability (s16(c) *Government Owned Corporations Act 1993*).

The role of QIC's board is prescribed by section 88 of the *Government Owned Corporations Act 1993*. This section provides that the role of the board includes:

- responsibility for QIC's commercial policy and management;
- ensuring that, as far as possible, QIC achieves, and acts in accordance with, its Statement of Corporate Intent and carries out its objectives outlined in its statement of corporate intent;
- accounting to QIC's shareholding Ministers for its performance as required by the *Government Owned Corporations Act 1993* and other laws applying to QIC; and
- ensuring that QIC otherwise performs its functions in a proper, effective and efficient way.

Responsibilities of the Board

In meeting its duties, The Board is responsible for:

- Using its best endeavours to ensure QIC meets its performance targets (s16(b) *Government Owned Corporations Act 1993*).
- Appointing a Chief Executive Officer with the prior written approval of the shareholding Ministers (s92 *Government Owned Corporations Act 1993*).
- Monitoring the performance of the Chief Executive Officer and where necessary, terminating the appointment (Schedule 2, section 5 of the *Government Owned Corporations Act 1993*).
- Appointing suitable senior executives. Actively participating in the strategic planning process, both corporate and investment.
- Considering significant issues which impact corporate and investment performance.
- Reviewing and monitoring policy development.



- On an annual basis¹, preparing and submitting to the shareholding Ministers for their agreement a Corporate Plan (s97 *Government Owned Corporations Act 1993*).
- On an annual basis², preparing and submitting to the shareholding Ministers for their agreement a Statement of Corporate Intent (S107 *Government Owned Corporations Act 1993*).
- Preparing an Employment and Industrial Relations Plan (s149 of the *Government Owned Corporations Act 1993*). The plan must be included in QIC's Statement of Corporate Intent.
- Keeping the shareholding Ministers reasonably informed of the operations, financial performance and financial position of QIC and its subsidiaries, including the assets and liabilities, profits and losses and prospects of QIC and its subsidiaries (s122(1)(a) *Government Owned Corporations Act 1993*).
- Providing the shareholding Ministers with reports³ and information that they require to enable them to make informed assessments of the operations, financial performance and financial position of QIC and its subsidiaries, including the assets and liabilities, profits and losses and prospects of QIC and its subsidiaries (s122(1)(b) *Government Owned Corporations Act 1993*).
- Immediately informing the shareholding Ministers of any matters which arise and in the opinion of the Board may prevent, or significantly affect, achievement of QIC's objectives outlined in its Statement of Corporate Intent or targets under its Corporate Plan (s122(1)(c) *Government Owned Corporations Act 1993*).
- Immediately informing the shareholding Ministers and the Auditor-General in writing of suspected or potential insolvency of QIC and/or any of its subsidiaries. (s125 *Government Owned Corporations Act 1993*).
- Providing written directions to subsidiaries to ensure the subsidiary complies with, and gives effect to the purpose of the *Government Owned Corporations Act 1993* (s153A(1)(a) of the *Government Owned Corporations Act 1993*).
- Recommending to shareholding Ministers the payment or non-payment of a dividend for the financial year.⁴ (s131 *Government Owned Corporations Act 1993*).
- Providing written directions to subsidiaries about the payment of amounts to allow QIC to make payments under s131 and s160 of the *Government Owned Corporations Act 1993* (s153A(1)(b) of the *Government Owned Corporations Act 1993*).
- At least every two years, review the performance and effectiveness of the Board, the Board's permanent Committees and their individual members
- Consider, approve and monitor the effectiveness of the Group's overall risk management and control framework, through, among other steps, regular reports to the Board through each Committee including the Audit and Risk Management Committee.
- Adopt the Group's annual budget.

¹ Draft Corporate Plan to be submitted to shareholding Ministers no later than 30 March each year and agreed upon no later than 31 May.

² Draft SOCI to be submitted to shareholding Ministers no later than 30 April each year and agreed upon prior to 1 July.

³ Reports to include:

a. Quarterly Reports – to be submitted within one month after the end of the quarter

b. Annual Report – no later than 4 months following financial year end. (Schedule 3, s46J *Government Owned Corporations Act 1993*.)

⁴ On or after 1 May, but before 16 May each financial year.



Delegations of Responsibilities to Management

Pursuant to s93 of the *Government Owned Corporations Act 1993*, QIC's board may, by resolution, delegate its powers to QIC's Chief Executive Officer or an appropriately qualified employee of QIC.

The Chief Executive Officer of QIC is responsible for managing QIC (s98 *Government Owned Corporations Act 1993*).

Management is responsible for preparing various regular reports and information required by shareholding Ministers under section 122, including but not limited to:

- QIC's Statement of Corporate Intent in accordance with Chapter 3, Part 8 of the *Government Owned Corporations Act 1993*.
- QIC's Corporate Plan in accordance with Chapter 3, Part 7 of the *Government Owned Corporations Act 1993*.
- QIC's quarterly and annual reports in accordance with s119 and s120 of the *Government Owned Corporations Act 1993*.
- Financial statements for QIC and its subsidiaries in accordance with Schedule 3 of the *Government Owned Corporations Act 1993*.

The above draft reports (with the exception of the quarterly reports) are to be submitted to the Board for its consideration, input and approval.

Structure of the Board

The Board is to consist of the number of directors that are appointed by the Governor in Council (Schedule 1, section 1 of the *Government Owned Corporations Act 1993*).

The Governor-in-Council appoints directors for a term of not more than 5 years (Schedule 1, section 12(1) of the *Government Owned Corporations Act 1993*). In appointing a person as a director, the Governor-in-Council has regard to the person's ability to make a contribution to QIC's commercial performance and implementation of QIC's Statement of Corporate Intent (Schedule 1, section 12(2) of the *Government Owned Corporations Act 1993*).

Directors hold office on the terms of appointment determined by the Governor-in-Council (Schedule 1, section 13(1) of the *Government Owned Corporations Act 1993*).

Role of Chairperson

The Governor in Council may appoint a director to be the Board's Chairperson and another director to be the Board's deputy Chairperson (Schedule 1, Part 2, section 3(1) of the *Government Owned Corporations Act 1993*).

The Chairperson is to preside at all meetings at which the Chairperson is present (Schedule 1, section 6 of the *Government Owned Corporations Act 1993*).

Where the Chairperson is not present at a meeting, the deputy Chairperson is to preside at that meeting (Schedule 1, Part 3, section 7(1) of the *Government Owned Corporations Act 1993*).

If both the Chairperson and deputy Chairperson are not present at a meeting, the director chosen by the directors present at the meeting is to preside (Schedule 1, Part 3, section 7(3) of the *Government Owned Corporations Act 1993*).



Induction and Continuing Education

The Company Secretary, working with the Board, will co-ordinate an orientation program for new directors in order to assist them in fulfilling their duties and responsibilities.

Management will conduct additional presentations for directors from time to time regarding the activities of the organisation. Directors are also encouraged to keep up to date on relevant topical issues.

The Board Evaluation Process will be utilised to identify any knowledge and/or skills gaps. Such gaps will be addressed in a manner considered appropriate by the Chairman.

Independence of Directors

The Board strives to ensure its members act independently and bring an independent judgement to bear on matters coming before the Board. An independent director is a non-executive director who is not a member of management, and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

In determining a test for assessing the independence of its directors, regard may be had to the following factors:

1. Is employed, or has previously been employed in an executive capacity by the company or another group member; and there has not been a period of at least three years between ceasing such employment and serving on the board.
2. Has within the last three years been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided.
3. Is a material supplier or customer of the company or other group member; or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
4. Has a material contractual relationship with the company or other group member other than as a director.

Family ties and cross-directorships may be relevant in considering interests and relationships which may compromise independence, and should be disclosed by directors to the Board.

The independence of a director is reviewed on each occasion a new disclosure of interest is given under the Disclosure of Relevant Interests – Board Members Policy. Independence is also formally considered as part of the Board's Performance Evaluation process.

Materiality Thresholds

The Board determines materiality thresholds relevant for the purposes of assessing independence on a case by case basis to determine whether the above factors would materially affect the director's ability to exercise independent judgement in the interest of QIC's stakeholders.

In supporting this view, but not in isolation, the Board refers to accounting standard *AASB1031 – Materiality*. In line with this standard a relationship may generally be considered material when over a 12 month period, it represents >10% of fee revenue or >10% of costs (excluding salary expense) of either QIC or the entity/person being considered. When applying this test, less than 5% is presumed not to be material unless there is evidence or convincing argument to the contrary. When the quantum represents between 5% and 10%, the Board will judge materiality based on the facts and circumstances associated with the relationship.

Directors are expected to volunteer information with regards to the above threshold, as and when changes occur.

Professional Conduct

Conflicts of Interest

Each director of QIC is required to comply with s134 and s135 of the Government Owned Corporations Act 1993 and Part 4, Divisions 1 and 2 of the Queensland Investment Corporation Act 1991 in relation to disclosure of interests and voting by interested directors. Guidance on these matters can be obtained from QIC's *Disclosure of Relevant Interests – Board Members Policy*.

Ethical Standards / Code of Conduct

Each director of QIC is required to comply with QIC's Code of Ethics and Code of Conduct.

Confidential Information

Information about the operations and dealings of QIC must be treated in the strictest confidence. When directors are serving on the boards of other companies and undertaking private transactions, they are to have regard to their confidentiality obligations at all times.

Meetings

The Board may conduct its meetings in the way it considers appropriate (Schedule 1, Part 3, section 5 of the Government Owned Corporations Act 1993).

Convening and holding meetings

Meetings of the Board should be held at the times and places that the Board determines. So far as is practicable, the dates of Board meetings should be agreed at the commencement of a calendar year and the Company Secretary should circulate the agreed dates to all directors.

The Chairperson may at any time convene a meeting and must do so when requested by at least 50% of the Board (Schedule 1, Part 3, section 6 *Government Owned Corporations Act 1993*).

Quorum and voting

A quorum at a Board meeting is constituted by the presence of at least 50% of the number of directors of which the Board for the time being consists (Schedule 1, Part 3, section 7, *Government Owned Corporations Act 1993*).

A question is to be decided by a majority of the votes of the directors present and voting (Schedule 1, Part 3, section 8 *Government Owned Corporations Act 1993*). In general, the practice of the Board should be to reach unanimous decisions, however, this is not a formal policy and directors are required and encouraged to exercise independent and critical judgment on all matters.

Each director present has a vote on each question arising for decision. The Chairperson does not have a casting vote. In the event of a tied vote the decision is to be resolved in the negative⁵. Further guidance on unanimity of decisions by the QIC Board is provided in Board Paper S.0582 12 December 1991.

Participation in meetings

Directors may participate in meetings by telephone, closed circuit television or any other electronic means which is approved by the Board (Schedule 1, Part 3, section 9 of the *Government Owned Corporations Act 1993*).

The Chief Executive Officer, Company Secretary and members of the executive committee are invited to attend all Board meetings. However, at any time the Chairperson on his or her own initiative, or at the request of a director, can request that any or all of these persons vacate the meeting to enable the Board to discuss any matter in private.

Board papers

Directors should ordinarily receive board papers and related material not later than five (5) days prior to the relevant meeting.

The Chief Executive Officer, Company Secretary and executive committee should be provided with a copy of Board papers subject to any direction by the Chairman that a particular paper should be withheld from any or all of these persons.

Agenda

The agenda for Board meetings will be determined by the Chairperson in consultation with the Chief Executive Officer.

Individual directors are afforded the opportunity to have issues of significance included in the agenda. Where a director wishes a particular matter to be discussed, the Chief Executive Officer is to be advised in sufficient time for a background briefing paper to be prepared and included in Board papers.

Each meeting should also allow for informal discussions between Board members.

At the commencement of each Board meeting, and at anytime during the Board meeting the Chairperson considers appropriate, a private session consisting only of directors should be conducted.

At least once a year the Board should meet informally with senior management, desirably as part of the strategic planning process, to discuss issues related to QIC's business, focussing primarily on the future.

At least once a year QIC's external and internal auditors should be invited to attend a Board meeting.

Minutes

The Company Secretary is to prepare the minutes for each Board meeting and the Chief Executive Officer is to review the minutes. Draft minutes are to be circulated to all directors and if any director has any comments or suggested amendments these should be notified to the Company Secretary and Chairperson. However, it should be noted that this process is not intended to restrict the ability of directors to suggest improvements or amendments to the draft minutes during the course of the next Board meeting.

Board minutes should contain no unnecessary detail and are to record decisions made and papers noted, and a very brief overview of any relevant discussion.

⁵ Note: this differs from Schedule 1, Part 3, section 8 of the *Government Owned Corporations Act 1993* which provides the chair has a casting vote



Interim Submissions & Decisions (Circulating Resolutions)

Urgent matters that require resolution between scheduled Board meetings may be dealt with by interim submission.

The interim submission must be approved by the Chief Executive Officer and Chairperson before being circulated. The text of the interim submission should refer to the fact that the Chairperson supports its recommendation. If practical, a telephone meeting can be called to discuss the interim submission.

In the main, Interim submissions require the unanimous approval of all directors. Approval must be communicated by each director signing and returning the Circular Resolution. If a director is unable to be contacted in respect of an Interim Submission, the Chairperson will decide on final approval after receiving a full report on comments made by those directors who were contactable. If unanimous approval of those Directors that are contactable is not obtained, the item is deferred to the next Board meeting.

Board Committees

The Board may, by resolution, delegate its powers to a committee of the Board pursuant to *its Constitution*.

The Board has established the following standing committees which service QIC and its subsidiaries:

- Audit and Risk Management Committee.
- Products and Services Committee.
- Human Resources and Remuneration Committee.
- Debt Management Committee
- Strategy and Operations Committee

These committees are designed to enable the workload of the Board to be shared and effectively carried out. The committees do not diminish the responsibilities of the Board as a whole.

Special purposes committees are established as required.

Each committee should have a charter which has been approved by the Board. The charter should set out:

- The roles and responsibilities of the committee;
- The composition of the committee and its membership requirements; and
- How the committee is to report to the Board.

Minutes should be prepared for each committee meeting and be included within the Board papers for the next Board meeting following the committee meeting.

Each committee should consider specific matters included within their terms of reference and make recommendations to the Board. The Board will consider the recommendations presented to them and bring their own mind to bear on the issue in order to make an independent assessment of the recommendations. Only in exceptional circumstances will the Board delegate a committee the power to make a decision on the Board's behalf and any such delegation must be recorded in the minutes of the Board meeting prior to the Committee meeting at which the decision is to be made.



Subsidiaries

In order to conduct its investment activities, QIC utilises a number of wholly-owned subsidiary companies. The conduct of subsidiary companies are subject to the following conditions (in addition to those required by the GOC Act):

- The composition of the Board of a subsidiary must be approved by the QIC Board.
- Unless specified otherwise, subsidiaries must adopt and comply with QIC's risk management framework and corporate policies.
- The subsidiary Board must provide sufficient information to the QIC Board on its operation to enable QIC to fulfil its oversight function.

Unless specifically consented to otherwise by shareholding Ministers, the subsidiary must comply with the Key Shareholder Requirements for Subsidiaries issued by the Office of Government Owned Corporations (2001).

Communications

Access to Executive Management and Employees

The Chief Executive Officer should ensure the availability and, if necessary, the attendance at the relevant Board meeting, of any member of executive management responsible for a matter included as an agenda item at the relevant meeting.

Any director may communicate directly with any member of executive management or any employee of the corporation but such communications are to be made having regard to the efficient operation of QIC and the need to preserve and maintain an effective chain of command and the confidentiality of Board deliberations. Appropriate advice on any matter of significance should be provided to the Chief Executive Officer (and, as necessary, the Chairperson) which arises in respect of or is related to any communication between directors and staff.

Contact with Media

In dealing with the media, the Chairman is the Board's authorised spokesperson. Each director must comply with QIC's *Media & Public Relations Policy*.

Access to Independent Advice

A director is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at QIC's expense on any matter connected with the discharge of his or her responsibilities subject to prior consultation with the Chairperson. Generally, a copy of any advice received by a director is made available to all other directors.

Performance Assessment

S105 of the *Government Owned Corporations Act 1993* provides that QIC's performance will be monitored by the Government against performance targets specified in the statement of corporate intent.

At least every two years, there must be a performance evaluation of:

- the Board having regard to the requirements of this charter and current best practice principles of good corporate governance;



- the individual directors' contribution to the Board;
- the Board's committees.

The Board will determine the manner and form of the performance evaluation however it will usually be undertaken annually via confidential questionnaire. Responses will be collated by the Company Secretary into an aggregated report which will be distributed to the Board. The Chairman will lead discussion on the issues raised and findings. The survey will include questions to elicit an evaluation of individual director performance and functionality of Committees. Where a director sits on one or more subsidiary boards, a separate questionnaire will be completed if deemed appropriate by that director or at the request of the Chairman of the subsidiary board.

The results of the performance evaluation will be internal to the Board and a report (in a form deemed appropriate by the Chairman) will be provided to shareholding Ministers on the outcome of such review⁶. Results of the evaluation will not be made publicly available however the fact that the evaluation has been undertaken will be reported in QIC's annual report.

Access to Board Charter

This Charter will be circulated to all directors and will be made available to all staff within QIC. Other interested parties, will be provided with a copy of the charter on request and upon the approval of the Chairperson.

A summary of the Charter will be disclosed in QIC's annual report and on its website.

Review of Board Charter

The Board is committed to achieving and demonstrating a high standard of corporate governance and this charter has been drafted having regard to what is currently considered best practice in corporate governance. This charter is a "living" document and as the circumstances of QIC and the board evolve, so too should this charter.

The Board will, at least once in each financial year, review this charter and make any amendments it determines are necessary or desirable.

References

Policy Type	Board Policy
Approval Method	Approved by the Board on 23 February 2004 (S.4229). Interim submission of 10.05.06, S.5119 of 26.05.08, S.5260 of 23.02.09, S.5323 of 25.05.09.
Policy Owner	Company Secretary
Review Cycle	Annual Review Required
Included in Policy Acknowledgement Section of Village Green?	No

⁶ Letter from shareholding Ministers dated 12 December 2008