

CORPORATE GOVERNANCE STATEMENT

In 2012 the Australian Sports Commission (ASC) released its Sports Governance Principles to be considered by Australia Sporting Bodies. Although more focussed on National Sporting Organisations, the Board decided to report the current Queensland Rugby Union position against the ASC Principles. The following table was provided in the last Annual Report however has been updated and included again for Members' information.

PRINCIPLE 1: BOARD, COMPOSITION, ROLES & POWERS		
	ASC SPORTS GOVERNANCE PRINCIPLES	QUEENSLAND RUGBY UNION LTD POSITION (QRU)
1.1	That management powers be formalised, disclosed and placed in a Board which has the power to exercise all the powers of the organisation, except those powers that the Act or Constitution requires to be exercised in general meeting	Conforms
1.2	That national sporting organisations be incorporated as a company limited by guarantee under the <i>Corporations Act 2011</i> (Cth).	Conforms although the QRU is a State Body
1.3	That the incorporated body has a constitution, which embodies the following key sections: <ul style="list-style-type: none"> ▪ interpretation - objects and powers ▪ members - membership and meetings of members (general meetings) ▪ the board - powers (including delegations), election and appointment of directors, other roles (chief executive officer and secretary) an meetings of the board ▪ reporting, recording and execution of company documents ▪ accounts ▪ auditors ▪ indemnity and insurance of directors ▪ winding up 	Conforms
1.4	That the members of an organisation should elect the majority of the board of directors. In addition, any issue on which a vote is taken, whether at a board meeting or general meeting, should require a majority of votes for any proposal to be passed	Conforms. With the introduction of Board Appointed Directors the Members will elect the majority of the Board
1.5	That the governance structure should feature a clear separation of powers and responsibilities between the board and the chief executive officer and their staff	Conforms. Formal Delegation of Authority in place
1.6	That the chairman/president should be selected by the board	Conforms. Chairman is elected annually by the Board immediately following the Annual General Meeting

PRINCIPLE 1: BOARD, COMPOSITION, ROLES & POWERS

	ASC SPORTS GOVERNANCE PRINCIPLES	QUEENSLAND RUGBY UNION LTD POSITION (QRU)
1.7	<p>That the board should:</p> <ul style="list-style-type: none"> i. confirm the broad strategic directions of the organisation ii. appoint, dismiss, direct, support professional development for, evaluate the performance and determine the remuneration of, the chief executive officer iii. approve, monitor and be accountable for the financial and non-financial performance of the organisation, including setting fees iv. ensure an effective system of internal controls exists and is operating as expected, and that policies on key issues are in place and appropriate and that these can be applied effectively and legally to those participants or persons for whom they are intended v. develop a clearly articulated and effective grievance procedure vi. ensure financial and non-financial risks are appropriately identified and managed vii. ensure the organisation complies with all relevant laws, codes of conduct and appropriate standards of behaviour viii. provide an avenue for key stakeholder input into the strategic direction of the organisation ix. ensure director, board and chairman performance evaluation and professional development occurs regularly 	<ul style="list-style-type: none"> i. Conforms. Strategic Plan in place. ii. Conforms. Contract in place and annual reviews conducted against KPIs aligned to Strategic Plan iii. Conforms. Formal Board Reports are prepared for each meeting including financial and non-financial reporting. Other communication sent to Board between meetings iv. Conforms. A formal Board Manual is in place and organisational policies exist and are regularly reviewed. Internal controls in place due to policies, delegations, reporting and external audit. A separate Compliance Report is provided at each Board Meeting v. Conforms. vi. Conforms. A formal Risk Register exists with the Audit and Risk Committee reviewing annually. Each Board Meeting receives a report on an identified risk. vii. Conforms. viii. Conforms. The Strategic Plan is the responsibility of the Board however outlines the plan to stakeholders formally at General Meetings and less formally through Management's individual discussions with stakeholders. ix. To be developed as part of the newly created Nominations Committee Charter.
1.8	<p>That each board should be structured to reflect the complex operating environment facing the modern sporting organisation. Normally, it is envisaged that a board will:</p> <ul style="list-style-type: none"> i. comprise between five and nine directors ii. have a sufficient blend of expertise, skills and diversity necessary to effectively carry out its role iii. have all directors being independent, regardless of whether they are elected or appointed iv. have the ability to make a limited number of external appointments to the board to fill skills gaps 	<ul style="list-style-type: none"> i. Conforms ii. Conforms. Skills Matrix completed and updated and is reviewed as part of the Nominations Committee Charter. iii. Conforms iv. Conforms

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	<ul style="list-style-type: none"> v. institute a staggered rotation system for board members with a maximum term in office to encourage board renewal while retaining corporate memory vi. be broadly reflective of the organisation's key stakeholders, but not at the expense of the board's skills mix and the organisation's objectives 	<ul style="list-style-type: none"> v. Conforms vi. Conforms. Nominations Committee now established
1.9	That national sporting organisations and their member bodies have aligned objects and purpose to ensure effective and efficient achievement of sport outcomes	Conforms at State Level
1.10	That where two or more bodies are amalgamating, an interim board arrangement occurs in order for all parties to be confident about the future direction and priorities of the amalgamated body.	N/A

PRINCIPLE 1: BOARD, COMPOSITION, ROLES & POWERS

	ASC SPORTS GOVERNANCE PRINCIPLES	QUEENSLAND RUGBY UNION LTD POSITION (QRU)
1.11	<p>That the board outline the role of individual directors/board members, including (at a minimum)</p> <ul style="list-style-type: none"> ▪ the fiduciary duty of directors to act in the interests of the members as a whole and not to represent individual constituents. Thus, once elected, the board should have the ability to operate independently in the interests of the organisation as a whole, free from undue influence ▪ the legal duties of individual directors, including the requirements of directors to: <ul style="list-style-type: none"> - act in good faith and for a proper purpose - exercise due care and diligence - ensure the organisation does not continue to carry on its business while insolvent - meet the requirements of various other federal and state laws that directly impact on the organisation ▪ a code of conduct or policy specifying the behaviour expected of directors (see Principle 6) ▪ a conflict of interest provision that specifies: <ul style="list-style-type: none"> - a director must disclose actual/potential conflicts of interest - the process for disclosure of real or potential conflicts of interest - a process that governs a director's involvement in any decisions with which they have a conflict of interest - the requirement for a register of ongoing interest to provide a record of all potential conflicts - a director should not hold any other official or corresponding administrative position within the organisation at any level that creates a material conflict of interest. This is to ensure no actual or perceived conflicts of interest ▪ maintaining a register of related party transactions ▪ the responsibilities of directors for completing an induction program, undertaking continuing professional development as well as engagement in ongoing performance assessment (see Principle 4) ▪ 	<p>Conforms. Formal Board Manual and Declarations of Interest Register in place. Related party transactions recorded. Induction in place and performance review to be introduced as part of the role of the Nominations Committee.</p>

PRINCIPLE 1: BOARD, COMPOSITION, ROLES & POWERS		
	ASC SPORTS GOVERNANCE PRINCIPLES	QUEENSLAND RUGBY UNION LTD POSITION (QRU)
1.12	<p>That the roles of key positions in the governance system are documented and understood. Normally these positions should include:</p> <ul style="list-style-type: none"> ▪ board <ul style="list-style-type: none"> - chair/president - directors - company secretary - chairs of board committees ▪ management <ul style="list-style-type: none"> - chief executive officer 	Conforms
1.13	<p>That the chief executive officer will not normally be a director of the board. This enables and supports a clear separation of power between the board and management</p>	<p>Does not conform. The CEO is an Executive Director. The Australian Rugby Union Ltd and many other of the larger sporting bodies do not conform with this principle. The ASC has advised that this Principle applies more to smaller sporting organisations and that it does not have an issue with Executive Directors in place at ARU and State Board level.</p>

PRINCIPLE 2: BOARD PROCESSES		
ASC SPORTS GOVERNANCE PRINCIPLES		QUEENSLAND RUGBY UNION LTD POSITION (QRU)
2.1	<p>That the board should document its meeting process. Normally this will include:</p> <ul style="list-style-type: none"> ▪ legal requirements ▪ decision-making approach (consensus versus voting) and voting rights of attendees ▪ protocol/s for meeting conduct and director behaviour ▪ logistical details such as meeting frequency, meeting location, timing of meetings, attendees, etc 	Conforms. Board Manual in place
2.2	<p>That the board should prepare an agenda for each meeting. In addition, the board should agree how the agenda will be developed and the items for regular inclusion.</p>	Conforms. Board Report and agenda prepared for each meeting
2.3	<p>That board meetings should have appropriate documentation. This means issues submitted to the board should be in an appropriate and agreed form (a board paper) and be circulated sufficiently in advance of the meeting. The board should similarly maintain a clear record of decisions made through an appropriate and agreed minuting process.</p>	Conforms. Board Report submitted one week prior to the meeting. Minutes finalised soon after the meeting
2.4	<p>That the board should be provided with all relevant information on an issue to enable proper execution of directors' duties. The board, or any individual board member, should also have the right to request, through the chief executive officer, any additional information from management if required (see Principle 4).</p>	Conforms
2.5	<p>That the board should plan its key annual activities and develop a corresponding board calendar/work plan</p>	Conforms
2.6	<p>That the board and each committee established by the board should have terms of reference or a charter. The terms of reference or charter should include, at a minimum:</p> <ul style="list-style-type: none"> ▪ board/committee purpose ▪ authority delegated to the board/committee ▪ board/committee composition, including the appointment of a chair ▪ reporting requirements ▪ delineation of the role of the board/committee and the role of management 	Conforms. All Committees have Charters

PRINCIPLE 3: GOVERNANCE SYSTEMS		
ASC SPORTS GOVERNANCE PRINCIPLES		QUEENSLAND RUGBY UNION LTD POSITION (QRU)
3.1	That the board should determine the process by which it oversees and develops the strategic direction, key objectives and performance measures as well as core values and ethical framework for the organisation	Conforms
3.2	That the board should develop a protocol outlining expectations for board-management interactions. This will normally include: <ul style="list-style-type: none"> ▪ expectations regarding the use of a board member's networks/contacts ▪ expectations regarding provision of advice to the chief executive officer and management ▪ a protocol for individual directors to acquire all information required for decision-making and control (see Principle 4) 	Conforms
3.3	That the board should have in place an effective and efficient monitoring and evaluation system. This will include financial and non-financial monitoring. In particular, each board should monitor outcomes of the implementation of the strategies as the basis for the evaluation of overall performance and reporting to members (see Principle 5).	Conforms
3.4	That the board should have in place an effective risk management strategy and process. This will require the board to take actions to identify key risks facing the organisation and ensure that risk management strategies are developed and actioned. The risk management system should comply with the Australian/New Zealand Risk Management Standard AS/NZA ISO 31000:2009	Conforms. Risk Register in place with regular monitoring.
3.5	That the board should implement an effective compliance system. It is recommended that his system comply with Australian Standard AS3806:2006 and require, at a minimum, that: <ol style="list-style-type: none"> i. the organisation complies with all relevant statutes, regulations and other requirements placed on it by external bodies ii. effective internal controls exist and there is full and accurate reporting to the board in all areas of compliance iii. the organisation is financially secure and is able to meet all its financial obligations when they fall due, in the normal process of business 	<ol style="list-style-type: none"> i. Conforms to the best of its knowledge: ii. A separate Compliance Report is provided at each Board Meeting iii. Conforms
3.6	That the board should develop and document a regular (annual/six monthly) performance review process for the chief executive officer	Conforms. Formal annual reviews in place
3.7	That the board must ensure an effective audit system and process is in place. The audit process may include internal and external processes and systems	Conforms. No formal internal audit is deemed to be required

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3.8	That the board should establish an audit committee and that its role be set out by formal charter/terms of reference	Conforms. Audit and Risk Committee.
3.9	That the board should establish a nomination committee and that its role be set out by formal charter/terms of reference	Conforms. Nominations Committee established in 2013.
3.10	That since ultimate decision-making power rests with the board, the board should clearly document all delegations of authority to the chief executive officer and other individuals, committee or groups. This document, or delegations register, should be regularly reviewed and updated. It should be the subject of a formal board resolution.	Conforms. Formal Delegation of Authority in place

PRINCIPLE 4: BOARD REPORTING AND PERFORMANCE		
ASC SPORTS GOVERNANCE PRINCIPLES		QUEENSLAND RUGBY UNION LTD POSITION (QRU)
4.1	That the board should ensure its officers and directors have appropriate insurance cover	Conforms
4.2	That the board should ensure all directors undergo an appropriate induction process	Conforms
4.3	That the board should ensure that a director can access independent professional advice if required and that this is appropriately protected with a deed of access or similar	Conforms
4.4	<p>That the board should receive timely reports that are presented regularly (preferably monthly), including:</p> <ul style="list-style-type: none"> ▪ accurate financial statements, that comprise: <ul style="list-style-type: none"> - profit and loss statement - balance sheet - cash flow statement - written report regarding material variances from budget - budget versus actual report on a month and year-to-date basis as well as identifying the full-year budget - listing of all major outstanding debtors and creditors - bank reconciliation (including bank account evidence) ▪ performance reporting against the organisation's strategic objectives 	Conforms with all major components however no bank reconciliation or debtors and creditors listings are provided as this is a matter for management.
4.5	That the full board of directors should annually meet and be debriefed by the external auditor on the state of the financial position and systems within the organisation and any issues identified throughout the audit process	Conforms through Audit and Risk Committee
4.6	That the board should regularly review and assess its own performance and the performance of individual directors, including that of the chair and its committees.	To be reviewed as the Nominations Committee in 2014 as part of its Charter.

PRINCIPLE 5: STAKEHOLDER RELATIONSHIP AND REPORTING		
ASC SPORTS GOVERNANCE PRINCIPLES		QUEENSLAND RUGBY UNION LTD POSITION (QRU)
5.1	That the board should strive to ascertain the interests, aspirations and requirements of members and create responses to these in the form of a national strategic plan with alignment between this and member plans	Conforms.
5.2	That members of an organisation should have the ability to remove board members (or a board as a whole) and change the constitution, should they see fit, in accordance with applicable legislation	Conforms
5.3	The board directors should have no voting rights at general meetings	Conforms
5.4	That the board should provide members and key Stakeholders with a comprehensive annual report outlining how they fulfilled the governance roles, achieved strategic objectives and aspirations of the organisation, and sufficient financial information so that members can make a judgement as to how effective the board is fulfilling its role	Conforms

PRINCIPLE 6: ETHICAL AND RESPONSIBLE DECISION-MAKING		
ASC SPORTS GOVERNANCE PRINCIPLES		QUEENSLAND RUGBY UNION LTD POSITION (QRU)
6.1	<p>That the board establish a code of conduct to guide directors, the chief executive officer and other senior management as to:</p> <ul style="list-style-type: none"> ▪ the practices necessary to maintain confidence in the organisation's integrity ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	Conforms
6.2	<p>That the board ensure key decisions and actions are based on a thorough review of all available information and are assessed against the organisation's risk management framework and strategic objectives and that these are documented</p>	Conforms
6.3	<p>That the board ensure a business case is developed for each major project or significant event/activity prior to the organisation committing resources and that the worst-case scenario has been evaluated and can be mitigated/managed by the organisation</p>	Conforms through formal Board Reports for Board Meetings