

## Policy Details

<b>Directorate:</b>	Organisational Services
<b>Branch:</b>	Corporate Governance
<b>Responsible Manager:</b>	Corporate Governance Manager
<b>Date adopted:</b>	04/12/2019 (minute number 187/2019)
<b>Date for review:</b>	2 years from the date of adoption or date of last review
<b>Legislative basis:</b>	<i>Local Government Act 2009</i> <i>Statutory Bodies Financial Arrangements Act 1982</i>
<b>Related Documents - forms and procedures</b>	Best Practice Framework for Beneficial Enterprises

### 1. Policy Purpose

The *Local Government Act 2009* allows a local government to conduct a beneficial enterprise. A beneficial enterprise is an independent legal entity controlled by Council, directed to benefiting, and reasonably expected to benefit, the whole or part of Logan city.

Beneficial enterprises can make important contributions in achieving Council's overall objectives. This policy establishes a governance framework for beneficial enterprise entities that is consistent with the local government's strategic goals, governance and risk management practices.

This policy is to be read and applied in conjunction with the Best Practice Framework for Beneficial Enterprises (the Framework).

### 2. Scope

This policy applies to all Councillors, employees and contractors working for Council regardless of whether they are permanent, temporary, full-time, part-time or casual. For the purposes of this policy, the term contractor includes on-hired temporary labour services (agency staff) and sub-contractors.

This policy applies to all Beneficial Enterprises of Logan City Council.

### 3. Policy Statement

When considering the establishment of a beneficial enterprise, Council should determine whether it is in the public interest by having regard to the Framework.

In the interests of transparency and accountability, Council owes a duty to the public to ensure high standards of governance in the establishment and management of such entities. The ownership of shares or equity in a beneficial enterprise places particular obligations on Council to ensure its interests are represented and protected, periodically review performance, decide whether to retain involvement and accurately report in Council's financial statements.

The good governance principles in the Framework have been derived from the nationally recognised ASX Corporate Governance Principles and Recommendations (Fourth Edition - 2019). They are:

- Principle 1: Lay solid foundations for management and oversight
- Principle 2: Structure the board to be effective and add value

- Principle 3: Instil a culture of acting lawfully, ethically and responsibly
- Principle 4: Safeguard the integrity of corporate reports
- Principle 5: Make timely and balanced disclosure
- Principle 6: Respect the rights of security holders
- Principle 7: Recognise and manage risk
- Principle 8: Remunerate fairly and responsibly

The establishment, acquisition, monitoring, sale or winding up of a beneficial enterprise must be made by resolution of Council.

## 4. Definitions

TERM	DEFINITION
Beneficial Enterprise	Under the Act, a beneficial enterprise is an independent legal entity controlled by Council, directed to benefiting, and reasonably expected to benefit, the whole or part of Logan city.
Control	Means the capacity of an entity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of another entity so as to enable the other entity to operate with it in pursuing the objectives of the controlling entity.  Control over an entity is presumed to exist when one entity has direct or indirect ownership of more than half the voting power of the other entity. However control can be gained in a variety of ways, including acquiring the assets of another entity or controlling the management of the entity.

Document Control

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