



Australian Medical Association Queensland

GOVERNANCE MANUAL

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Core Business

As a membership organisation, AMA Queensland provides dedicated and ongoing professional representation through support, leadership, promotion and advocacy for the advancement of the medical profession at all stages of their career

Mission/purpose

We exist to provide dedicated and ongoing professional representation to our members through support, leadership, promotion and advocacy to advance the medical profession at all stages of their career and in doing so strengthen the health system for the benefit of all Queenslanders

Vision

AMA Queensland is the peak representative association of medical professionals incorporating strong commercial partnerships and with a united substantial and significant membership that is highly respected by internal and external stakeholders.

Board of Directors

Good governance principles require independence, transparency and flexibility.

The Board of Directors of the Australian Medical Association Queensland (**the Association**) is responsible for all matters relating to the running of the Association.

The role of the Board is to govern the organisation rather than manage it. It is the role of senior management to manage the organisation in accordance with the direction of the Board.

The Board is accountable to the members for the attainment of the Association's vision and purpose, and for ensuring the ongoing sustainability and growth of the Association.

In general, the Board is responsible for and has the authority to determine all matters relating to the policies, practices, management and operations of the Association. The Board is required to do everything that may be necessary to be done in order to carry out the objectives of the Association. The Board has the final responsibility for the successful operations of the Association. Without intending to limit this general role of the Board, the specific or principal functions and responsibilities will include:

- **Goal Setting:** setting the goals of the Association, including short, medium and long term objectives;
- **Strategic Direction:** providing the overall strategic direction of the Association and policies governing the operations of the Association;
- **CEO:** appointing the Chief Executive Officer (**CEO**) as well as providing feedback on performance;
- **Committees:** establishing and determining the powers and functions of committees;
- **Plans and Budgets:** approving major operating plans, including an annual business plan, budgets (annual and long term) and cash flows;
- **Capital Expenditure:** approving all capital expenditure in excess of set limits;
- **Reviewing Progress:** reviewing the annual progress and performance of the Association in meeting objectives; and
- **General Monitoring:** including risk management and legal compliance.

The Board carries out its activities through the CEO by delegating specific powers and responsibilities to the CEO as outlined in Appendix 1.

Role of the Board and the role of management

The Board's role is to govern rather than manage the Association.

Managing the day-to-day operations of the Association is the responsibility of the CEO and other members of the senior management team in accordance with the Board's delegation.

Directors have no individual authority to be involved in the day-to-day management of the Association unless the Board has specifically delegated that task to an individual director.

Examples of activities that are generally considered to involve day-to-day management include:

- implementing the strategic direction and plan for the Association as approved by the Board;
- monitoring day to day risk management and internal compliance and control systems to ensure that they are operating effectively and efficiently;
- authorising expenditure in accordance with financial budgets;
- dealing with human resource issues; and
- making any representations or agreements with suppliers, customers, employees or other parties or organisations in accordance with delegated limits.

Any request from management or employees to a Director for advice or assistance with an operational matter, is to be referred through the CEO for action.

Conversely, any request by a Director relating to an operational matter is to be referred by that director to the Chair who will refer the matter to the CEO for action.

Skills of Directors

The collective skills of the directors ideally contain a relevant blend of expertise in:

- Strategy
- Policy Development
- Corporate Governance
- Financial Performance
- IT Strategy and Governance
- Executive management
- Commercial experience
- Risk and Compliance
- Fundraising and Marketing

Role and duties of Directors

Directors have ultimate responsibility for the overall successful operation of the Association. In accordance with the functions of the Board, each director is required to contribute to the governance of the Association through:

- actively contributing to the strategic planning and direction of the Association;
- contributing to the development of Board and organisational policies;
- monitoring the financial and non-financial performance of the Association;
- monitoring the risk and compliance issues facing the Association ;
- contributing to the work of Board committees;
- engaging stakeholders on current Board policies and strategy issues
- being involved in the recruitment of the CEO; and
- representing the Board and the Association in an appropriate way as required.

The relationship between a director and the Association is a fiduciary one which means that each director is to act in the best interests of the Association and to the exclusion of any personal interests.

Under the *Corporations Act*,¹ directors have the following duties:

- a duty to act with due care and diligence;
- a duty to act in good faith;
- a duty not to gain advantage by improper use of their position;
- a duty not to misuse information; and
- a duty not to trade while insolvent.

General Roles

Chair

The Chair is a Director elected by the Council to chair meetings in accordance with the constitution.

The primary role of the Chair is to ensure the efficient and effective operation of the Board.

In common with the Chair of most companies, the Chair will:

- chair directors meetings
- establish the agenda for directors meetings in consultation with the chief executive officer
- oversee and assist each Director in their performance and contribution

The Chair is not entitled to vote on or participate in the deliberations on any matter in which he/she has a personal interest.

Directors

The directors have ultimate responsibility for the overall successful operations of the Association. In line with other companies, their duties relate to:

- Financial operations and solvency;
- All matters as prescribed by law including, but not limited to, safety and the environment;
- All major policy issues including, but not limited to, industrial relations and quality assurance; and
- The strategic direction of the Association.

In particular, s181(1) of the Corporations Act 2001 states that directors must act in the "best interests of the corporation".

Expectations of Directors

A director will, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the directors.

This will include, but not be limited to:

- Acting in a business-like manner;
- Acting in accordance with the Constitution or associated legal documents;
- Addressing issues in a confident and firm, yet friendly manner;
- Using judgment, common sense and tact when discussing issues;
- Minimising chatter and irrelevant remarks;
- Ensuring that others are given a reasonable opportunity to put forward their views (i.e. refraining from interruption or interjection when a speaker has the floor); and
- Being particularly sensitive in interpreting any request or indication from the Chair that aims to ensure the orderly and good-spirited conduct of the meeting.

Directors are expected to be forthright in directors meetings and have a duty to question, request information, raise any issue, fully canvass all aspects of any issue confronting the Association and cast their vote on any resolution according to their own decision.

However, outside the board room, directors are expected to support the letter and spirit of director's decisions in discussions with members, joint venture partners, suppliers, customers, staff and other parties.

Directors are required to keep director's discussions and deliberations strictly confidential. Similarly, all confidential information received by a director in the course of the exercise of the director's duties remains the property of the Association. It is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law.

Induction

New directors undergo an induction into their role. Information conveyed to the new directors includes

- Details of his/her role and responsibilities with an outline of the qualities required to be a successful director.
- Formal policies on director appointment as well as conduct and contribution expectations, including attendance at Board meetings and special meetings, conduct as a Board member and advocate for Board policies.
- Details of all relevant legal requirements including:
 - Corporations Law
 - Tax office requirements
 - Other major statutory bodies
- A copy of this Governance Manual.
- Guidelines on how the directors' processes function.
- Details of past, recent and likely future developments relating to the directors including anticipated regulatory changes and so on.
- Background information on and contact information for key people in the organisation including an outline of their roles and capabilities
- An analysis of the Association including:
 - An industry background briefing (including a copy of the Council Handbook).
 - Details of past financial performance.
 - Current financial structure.
 - Any other important operating information.
- Each Director receives a formal letter of appointment that details:
 - Terms of appointment.
 - Access to information.
 - Insurance coverage.
 - Expectations of the Association.
- Each Director is expected to undertake an Australian Foundation of Company Directors (**AICD**) short course as soon as possible, but no later than three months after their appointment (unless they have previously completed this). The Association will meet the cost of the course.

Meetings

Generally:

- There are a minimum of 6 meetings held each year as required by the Constitution;
- Directors' papers are distributed with a weekend intervening prior to meetings;
- The agenda follows an agreed format;
- Minutes are reviewed by the CEO and Chair and distributed to directors for consideration prior to the next Board meeting
- The meeting calendar is set annually in advance;
- Decisions are made after considering the sample Director Decision Checklist (Appendix 2);

Code of Conduct

Directors must act in accordance with the Director's Code of Conduct. (See Appendix 3 for details)

In accordance with legal requirements and agreed ethical standards, the Directors:

- Owe a fiduciary duty to the Association as a whole;
- Must use the powers of the office for a proper purpose;
- Must discharge their duties in good faith and honestly;
- Must act with the level of skill, care and diligence expected of a Director of a company;
- Must demonstrate commercial reasonableness in their decisions;
- Must act in the best interests of the Association;
- Must not make improper use of information gained through their position as a director;
- Must not take improper advantage of the position of director;
- Must not allow personal interests, or the interest of any associated person, to conflict with the interests of the Association;
- Must make reasonable enquiries to ensure that the Association is operating efficiently, effectively and legally towards achieving its goals;
- Must undertake diligent analysis of all proposals placed before the directors;
- Must not engage in conduct likely to bring discredit upon the Association;
- Must give of their specific expertise generously to the Association; and
- Must comply with the spirit, as well as the letter, of the law and with the principles of this Charter.

Conflict of Interest

Each director owes certain fiduciary duties to the Association, including the duties of loyalty, diligence, and confidentiality which require that a director acts in good faith and to exercise his or her powers for shareholders' interest and not for their own or others' interest. The law requires that directors do not allow conflicts of interest to compromise their position as directors of the Association.

Directors of the Association may also be directors of other companies and engaged in other activities that have the potential to place them in a position of conflict. Notwithstanding this, it is recognised that there is benefit to the Association in having directors who have a variety of experiences, including relevant experience in the same sector as the Association.

The Conflict of Interest Policy in Appendix 4 has been developed to provide a framework for the directors to disclose actual and perceived conflicts of interest. It provides guidance on what may constitute a conflict of interest and how a conflict of interest will be managed and monitored by the Board and the Association.

Availability

There is the occasional need for directors to be contacted urgently. Directors should provide the Association company secretary with any contact details, either for themselves or for a person who knows the location of the director, so that directors may be contacted within 24 hours in cases of a "flying minute" or other urgent business.

Use of business contacts

Directors of the Association are expected, where appropriate, to employ business contacts in the furthering of the Association's interests.

Similarly, directors of the Association are expected to actively promote the organisation in external interactions.

Access to information

Directors must adhere to the following protocol when seeking information:

1. Approach the CEO.
2. If this is unsuccessful, discuss the issue with the Chair.
3. If a resolution is still not forthcoming, write a letter to all Directors and the CEO detailing the information required, the purpose for the information, and who the Director intends to approach in order to obtain the relevant information.
4. As a last resort, employ the provisions of s198F or 290 of the Corporations Act 2001.

Directors papers

The Association company secretary will hold a complete set of Directors papers for directors personally for a period of at least seven years.

Directors are entitled to access these papers on request, even if they have ceased to be directors.

Director protection - Insurance

The Association maintains Professional Indemnity and Directors and Officers Liability insurance policies for directors and for seven years from the date at which they ceased to be a director.

Role of Board Committees

The Board can delegate any of its powers and/or functions (other than the duties imposed on directors by law) to a committee of one or more directors, the CEO, an employee or a member.

The ability to delegate work to committees comprised of a number of directors and other members with appropriate skills and experience, enables the Board to deal with particular issues in a more effective and efficient way. Committees also provide the directors with an opportunity to be more fully engaged with the Association and better utilize their experience.

The Board may establish permanent standing committees to consider on-going issues. Ad hoc committees or more informal task forces may also be created for a specific task or project and therefore have a limited tenure.

The following general principles apply to Committees established by the Board:

- Committees are to generally comprise between three and seven members, with preferably an uneven number of members;
- Committees are not to be involved in dealing with operational or management issues, but rather on matters of relevance to the Board's function and its responsibilities;
- for each Committee established by the Board, the Board must approve a charter which addresses the committee's purpose, role and responsibilities, scope of authority, membership, meeting frequency, reporting requirements, and tenure;
- Committees are expected to comply in all respects with their charter;
- Committees are generally to have limited decision-making power in their own right as identified in the relevant committee charter but rather make recommendations to the full Board;
- the Board retains the collective responsibility for decision-making; and
- Committees are expected to minute their meetings and provide a copy of the minutes for inclusion in the Board papers for the subsequent Board meeting.

Chief Executive Officer

The directors appoint the CEO who is also concurrently appointed as the Company Secretary. The CEO of the Association is entitled to attend meetings of the Board.

The CEO is responsible for the ongoing management of the organisation in accordance with the strategy policies and programs approved by the directors to achieve the agreed goals.

The CEO will not cause or allow any practice, activity, decision, or organizational circumstance that

is either: Unlawful or in violation of commonly accepted business and professional ethics;

Management Report

The CEO is responsible for the preparation of the Management Report. The CEO will delegate the writing of various sections of the report.

It is through this report that directors are kept apprised of the Association's operations and activities.

The Management Report is provided in a written format and expanded verbally by the CEO at the meeting. The written report is included with the Directors papers and circulated before the meeting.

Directors Minutes

- Minutes will contain a brief review of the discussion plus the official resolution adopted by directors.
- All decisions will be recorded by means of a formal resolution.
- The draft resolution will be contained as the first item of each set of documentation set out in Directors papers.
- The Chair will read the precise resolution before the directors and ask for all in favour and those against. The exact wording will be recorded and whether the resolution was carried or defeated, but will not contain the number of votes.
- Directors who dissent may ask to have their decision noted in the minutes.
- Minutes should be prepared in draft form by the Association and provided to the Chair for correction within 21 days of the meeting.
- Once the directors have adopted the minutes they cannot be amended except by formally rescinding a previous decision and passing a new resolution.
- The Association's company secretary will maintain a complete set of Directors papers at the Association's registered address.
- Decisions of a policy nature will also be recorded in the Association's policy manual.

“Flying Minutes”

- Any urgent decision which cannot wait for the next directors meeting may be dealt with by a “flying minute”
- All directors, approving the action must sign “flying minutes”.
- Decisions will be entered in the minute book.
- If not signed by all of the directors, the matter should be referred to the next directors meeting for a decision.

Risk management and legal compliance

The CEO is charged with implementing appropriate risk management and legal compliance systems within the organisation. Aspects of this process may be delegated.

The CEO will provide a risk/compliance report to the Board at least annually.

The compliance report will contain statements that the Association is meeting its requirements under the various requirements or legal responsibility for directors or notify directors of any issue or concern.

Areas for coverage include:

- Product and market risk
 - technological obsolescence
 - product liability
 - product recall
 - interruptions to material supply
- Physical risks
 - computer failure
 - fire
 - natural disaster
 - employee health and safety
 - environmental risks
 - legislative risk
- The directors will review all major strategies and purchases for their impact on the risk facing the Association and take appropriate actions.
- Similarly, the Association will review all aspects of its operation for changes to the risk profile on an annual basis. This will generally occur at the annual strategic planning meeting.
- Aspects of this review may be delegated to appropriate committees, working parties or employees.

A copy of the AMA Queensland Risk Register and Risk Management is available to directors at any time. The Risk Management policy and Investment policy are attached as Appendices 5 and 6.

Strategy Formulation

- The directors will be involved in and approve the corporate strategy of the Association.
- The directors will be fully involved in the development of the strategic plan. This will be undertaken in conjunction with senior management.

CEO Evaluation

The Chair and President will prepare a brief report for the directors, after discussion with the CEO. CEO evaluation should occur annually.

Directors Evaluation

The Board assessment tools will be provided to all directors to be completed annually and reviewed by the Board within a reasonable period after completion of the review.

Review and feedback

It is important that this manual is seen as a 'living document'.

As a minimum, this manual should be reviewed annually to ensure it keeps pace with developments in corporate governance, and is relevant to changes in the Association's strategic direction and other developments.

Any feedback and constructive comment regarding the contents of this manual should be directed to the Chair of the Board.

APPENDIX 1 – Governance Process

The purpose of the Board is to ensure that the Association:

1. Achieves the Board's established strategic objectives; and
2. Avoids unacceptable actions, risks and situations.

The Board will govern with an emphasis on (1) outward vision rather than internal preoccupation, (2) encouragement of diversity in viewpoints, (3) strategic leadership more than administrative detail, (4) clear distinction of Board and chief executive roles, (5) collective rather than individual decisions, (6) future rather than past or present, and (7) proactivity rather than reactivity.

Accordingly:

- The Board will cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will use the expertise of individual members to enhance the ability of the Board as a body rather than to substitute individual judgments for the Board's values. The Board will allow no officer, individual, or committee of the Board to hinder or be an excuse for not fulfilling Board commitments.
- The Board's major policy focus will be on the intended long-term effects outside and within the organisation, not on the administrative or programmatic means of attaining those effects.
- The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation, policy-making principles, respect of roles, and ensuring continuance of governance capability. Continual Board development will include orientation of new Board members in the Board's governance process and periodic Board discussion of process improvement.
- The Board will monitor and discuss the Board's process and performance at each meeting. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-CEO relationship

To accomplish its job description with a governance style, the Board will follow an agenda that (1) completes re-exploration of the strategic objectives policies annually and (2) continually improves Board performance through Board education and enriched input and deliberation.

The Chair assures the integrity of the Board's process and, secondarily, where appropriate, represents the Board to outside parties.

Accordingly:

- The job result of the Chair is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organisation.

- Meeting discussion content will be only those issues, which, according to Board policy, clearly belong to the Board to decide.
- Deliberation will be fair, open, and thorough but also timely, orderly, and kept to the point.
- The Chair is to ensure the procedural aspects of the governance process and Board-CEO relationship, except where the Board specifically delegates portions of this to others.
- The Chair is authorised to use any reasonable interpretations of the provisions in these policies.
 - The Chair is empowered to chair Board meetings, with all the commonly accepted power of that position (for example, ruling, recognising).
 - The Chair has no authority to make decisions about policies created by the Board; therefore, the Chair has no authority to supervise or direct the CEO.
 - The Chair may represent the Board to outside parties in stating chair decisions and interpretations within the area delegated to her or him.
 - The Chair may delegate this authority but remains accountable for its use.

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Committees and working parties, when used, will be assigned so as to reinforce the wholeness of the Board and Council's job and so as never to interfere with delegation from Board to CEO.

Accordingly:

- AMA Queensland committees and working parties are to help the Board and Council 'do its job'. Committees will assist the Board and Council by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's broader focus, Board committees will normally not have dealings with current staff operations.
- Committees and working parties cannot exercise authority over staff. Because the CEO works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.
- This policy applies to any group that is formed by Board action, whether or not it is called a committee or working party and regardless of whether the group includes Board members. It does not apply to committees formed under the authority of the CEO.

Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity.

Accordingly:

- Board skills, methods, and supports will be sufficient to assure governing with excellence.
 - Training and retraining will be used liberally to inform new directors, as well as to maintain and increase existing director skills and understandings.

- Outside monitoring assistance will be arranged so that the Board can exercise confident control over organisational performance. This includes but is not limited to fiscal audit.
- Outreach mechanisms will be used as needed to ensure the Board's ability to listen to owners' viewpoints and values.
- Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.
- The CEO will ensure that the budget makes allocations for:
 - Board training, including attendance at conferences and workshops.
 - Audit and other third party monitoring of organisational performance initiated by the Board.
 - Survey focus groups, opinion analyses initiated by the Board, and Board meeting costs.

The Board will communicate to the organisation and ensure accountability through the CEO.

Only decisions of the Board are binding on the CEO.

Accordingly:

- Decisions or instructions of individual Board members, officers, or committees are not binding on the CEO except in rare instances when the Board has specifically authorised such exercise of authority.
- In the case of Board members or committees requesting information or assistance without Board authorisation, the CEO can refuse such requests that require, in the CEO's opinion, a material amount of staff time or funds, or are disruptive.

The CEO, as the Board's link to operational achievement and conduct, holds all authority and accountability of staff.

Accordingly:

- The Board will never give instructions to persons who report directly or indirectly to the CEO.
- The Board will refrain from evaluating, either formally or informally, any staff other than the CEO.
- The Board will instruct the CEO through written policies and/or resolutions of the Board, that prescribe the organisational objectives to be achieved and describe organisational executive limitations, allowing the CEO to use any reasonable interpretation of these policies.

Twice a year, at the end of the year and mid year, the Chair, in collaboration with the CEO, will write to the staff covering off on key outcomes and acknowledging the important role and input of the staff during that 12 month period. Additionally, staff and board members will have the opportunity to come together for an informal catch-up, prior to July and December board meetings.

APPENDIX 2 – Sample Director Decision Checklist

Does the decision comply with the Directors' Duty of Care and Diligence?

- Is the proposal comprehensible - do you understand it and does it make sense?
- Are there any areas of the matter under discussion about which you think you require more information?
- Are you satisfied you can document that you were fully informed as to the subject matter of the proposal?
- If the proposal is contentious, do you have more than one source of information and/or a source of independent advice?
- Would a reasonable person accept or reject this proposal?

Does the proposal assist us to implement our agreed strategy?

- Is the proposed action appropriate - does it match the Association's mission, vision and strategy?
- Is the proposal sustainable - will it lead to long term advantage for the Foundation? Is the proposal feasible - can it really be implemented?

Have the implications for risk and compliance been taken into consideration?

- Does the proposal contain an adequate risk assessment?
- If some high risk outcomes are identified, is there an adequate risk coverage strategy contained in the proposal?
- Are there any compliance issues raised by the proposal?

Have you considered the implementation issues for this decision?

- Do you need to communicate the outcome of this proposal to any stakeholders (members, staff, government etc.)?
- Are you clear on the next steps to implement the proposal?
- Does the proposal contain a system for monitoring the implementation and/or impact of the decision?
- What advice would you provide management concerning how future proposals/papers can be improved?
- Does the proposal add value to members or member services?

APPENDIX 3 – Director’s Code of Conduct

Introduction

The Directors’ Code of Conduct (the “Code”) provides mandatory guidelines to be followed by the Directors of The Australian Medical Association Queensland (the “Company”) in order to facilitate the achievement of the highest possible standards of conduct and corporate responsibility.

The Code seeks to foster and maintain members’ and the broader community’s confidence in the Association’s integrity by outlining the standards expected of Directors of the Association whilst carrying out their duties.

Any contraventions of the Code that come to the attention of the Association’s Company Secretary will be reported to the Chair of the Board.

Nothing in this Code will authorise any person to act in contravention of the Corporations Act or other applicable legislation and regulations.

Overview

All Directors of the Association must adhere to the following principles, obligations and values at all times:

- Comply with the spirit and the principles of this Code as well as the law.
- Act honestly and in the best interest of the Association in exercising their powers and discharging their duties.
- Be aware of, and comply with, the duties and obligations which apply to them under any relevant laws, legislation or regulations.
- Be independent in judgment and actions and take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- Observe confidentiality regarding all Board matters.
- Not make improper use of information acquired as a Director.
- Observe solidarity with the resolutions of the Board and co-operate in their implementation.
- Not take improper advantage of their position as a Director.
- Not allow their personal interest, or the interest of any associated person, to influence or prejudice their conduct or decisions as Directors.
- Not engage in conduct likely to bring discredit upon the Association.
- Comply with relevant Company policies.
- Not accept gifts or entertainment if they could create, or appear to create, an obligation, a conflict of interest, an inducement to favour the giver in any way or affect their impartiality, or influence a business decision.

Each of these principles, obligations and values is discussed in more detail on the following page.

Obligation

A Director has an obligation, at all times, to comply with the spirit and the principles of this Code as well as the law.

The adherence by each Director to the requirements of the Code is critical to the effective operation of the Board. Consequently, a person should not take a position on the Board if they have any doubt about their ability to fulfill their obligation to comply with the requirements of the Code.

Duties

Directors must, at all times, act in the best interest of the Association in exercising their powers and discharging their duties.

In doing so, Directors have a duty to:

- Act honestly and in good faith;
- Use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party; and
- Use due care and diligence.

Every Director has a fiduciary duty to the Association. This fiduciary duty means that Directors must act in the best interest of the Association as a whole as the Board has been appointed to manage the affairs of the Association on behalf of the members. The Board is accountable not only to members, but to other third parties including creditors, regulators and the broader community.

Directors must not make commitments on behalf of the Association which they are not authorised to make, or that the Association does not intend, or would be unable to honour.

The Corporations Act requires Directors to act honestly and with a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties. To undertake the role of a Director without taking steps to acquire and maintain a reasonable level of competence is likely to be considered negligent. Consequently, all Board members are required to take appropriate action to ensure Directors are kept fully informed of matters relevant to their position as a Director.

Compliance with Laws and Regulations

Directors must be aware of, and comply with, the duties and obligations which apply to them under any relevant laws, legislation or regulations.

The Association and each Director are subject to various legal requirements in relation to the conduct of the Association's operations, and their role and responsibilities. These might relate to financial, corporate, disclosure, fair trading and other requirements. Directors also owe a number of duties as a fiduciary of the Association. These duties arise at law, and are also preserved in the Corporations Act.

Each Director must be aware of, and comply with, the duties and obligations which apply to them under any laws, legislation or regulations relevant to their work. Directors are encouraged to undertake continuing education, attend seminars, review relevant periodicals to ensure that their knowledge remains up to date and that they remain abreast of relevant legal and industry developments. Assistance is also available to clarify whether particular laws apply and how they may be interpreted.

Decisions

A Director must be independent in judgment and actions and must take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

In order to satisfy this directive, all Board members must:

- use all reasonable endeavours to become and remain familiar with the affairs of the Association;
- attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Association, without placing undue reliance on other Directors to fulfil these duties.

To be effective, the Board should endeavour to ensure that systems are established to provide the Board, on a regular and timely basis, with necessary information to enable them to make a reasoned judgment and so discharge their duties of care and diligence.

Personal Interests and Conflict

A Director must not take improper advantage of the position of Director.

Directors must not allow their personal interest, or the interest of any associated person, to influence or prejudice their conduct or decisions as Directors.

Directors have a duty to avoid conflicts of interest between the best interests of the Association and their own personal or commercial interests. Every Director must be aware of both actual and potential conflicts of interest.

Directors are required to comply with the Conflict of Interest Policy.

Confidentiality

Directors must observe confidentiality regarding all Board matters.

A Director must not make improper use of information acquired as a Director.

All information received by a Director in the course of fulfilling Board duties will be confidential and will remain the property of the Association. It is improper for a Director to disclose confidential information, or allow it to be disclosed, to any other person unless that disclosure has been authorised by the Association or is required to be disclosed by law.

Similarly, all discussions and resolutions of the Board will be confidential and it is improper to disclose, or allow to be disclosed, the content and/or substance of those discussions and resolutions to persons who are not current Board members or the Chair, except in cases where disclosure:

- has been authorised by the Association;
- is required by law; or
- is indicated expressly or impliedly in the minutes of a Board meeting at which a resolution is passed, that it is intended that disclosure of a resolution will be made to third parties.

In addition, the Corporations Act prohibits Directors from making improper use of information acquired by virtue of their position as a Director to gain, directly or indirectly, a personal advantage or an advantage for any other person or to cause detriment to the Association. If any Board member has any doubts about their obligations in relation to disclosure of Board matters, they should consult with the Chair prior to making any disclosures.

Conduct

A Director must not engage in conduct likely to bring discredit upon the Association.

Directors should conduct themselves at all times in a sober, polite and restrained manner in carrying out their duties, at Board meetings, at Company functions and meetings and where otherwise dealing with matters concerning the Association, its employees, management, third parties and the broader community.

Compliance with Company Policies

Directors must comply with relevant Company manuals and policies including the Conflict of Interest Policy and the Association's Corporate Governance Manual.

The Association has implemented various policies, procedures and manuals relevant to Directors' conduct and corporate governance. Directors are required to be familiar with and adhere to the requirements of each of these.

The Association continually assesses and upgrades its policies and procedures, to ensure compliance with corporate governance requirements. Directors will be notified of any changes to the policies and procedures.

Gifts and Entertainment

Directors should not accept gifts or entertainment if they could create, or appear to create, an obligation, a conflict of interest, an inducement to favour the giver in any way or affect their impartiality, or influence a business decision.

Directors may accept reasonable offers of entertainment, such as dinner, tickets to the theatre or sporting events. In determining what is "reasonable" the Director must consider not only the value of the gift or entertainment, but the frequency and circumstances in which they are offered.

Directors are required to disclose any gifts or offers of entertainment to the Association's Company Secretary or the Chair.

APPENDIX 4 – Conflict of Interest Policy

AMA Queensland Conflict of Interest Policy

It is in the best interest of Queensland Branch of the Australian Medical Association (“AMA Queensland”) to be aware of and properly manage all conflicts of interest and appearances of a conflict of interest. This conflict of interest policy is designed to help AMA Queensland directors, officers, employees and volunteers identify situations that present potential conflicts of interest and to provide AMA Queensland with a procedure to appropriately manage conflicts in accordance with legal requirements and the goals of accountability and transparency in AMA Queensland’s operations.

1. What is a conflict of interest? A conflict of interest arises when a board member has a personal interest that conflicts with the interests of AMA Queensland or arises in situations where a board member has divided loyalties (also known as a “duality of interest”). The former can result in situations that result in inappropriate financial gain to persons in authority at AMA Queensland which can lead to financial penalties and violations of the Corporations Act. Similarly, situations or transactions arising out of a conflict of interest can result in either inappropriate financial gain or the appearance of a lack of integrity in AMA Queensland decision-making process. Both results are damaging to AMA Queensland and are to be avoided.

- *Example #1:* a person in a position of authority over the Organization may benefit financially from a transaction between the Organization and the board member; or others closely associated with the board member may be affected financially. Family members, or their businesses, or other persons or the businesses of persons with whom the board member is closely associated, could benefit from similar transactions.
- *Example #2:* A conflict of interest could be a direct or indirect *financial interest* such as those described above, or a *personal or professional interest* such as the situation where a board member of AMA Queensland is also a board member of another nonprofit or for-profit entity in the community with which AMA Queensland collaborates or conducts business.

2. Conflict of Interest Defined. In this policy, a person with a conflict of interest is referred to as an “interested person.” For purposes of this policy, the following circumstances shall be deemed to create a Conflict of Interest:

- a. A director, officer, employee or volunteer, including a board member (or family member of any of the foregoing) is a party to a contract, or involved in a transaction with AMA Queensland for goods or services.
- b. A director, officer, employee or volunteer, (or a family member of any of the foregoing) has a material financial interest in a transaction between AMA Queensland and an entity in which the director, officer, employee or volunteer, or a family member of the foregoing, is a director, officer, agent, partner, associate, employee, trustee, personal representative, receiver, guardian, custodian, or other legal representative.
- c. A director, officer, employee or volunteer, (or a family member of the foregoing) is engaged in some capacity or has a material financial interest in a business or enterprise that competes with AMA Queensland.

Other situations may create the *appearance of a conflict*, or present a *duality of interests* in connection with a person who has influence over the activities or finances of AMA Queensland. All such circumstances should be disclosed to the board or secretariat, as appropriate, and a decision made as to what course of action the organization or individuals should take so that the best interests of AMA Queensland are not compromised by the personal interests of stakeholders in AMA Queensland.

Gifts, Gratuities and Entertainment. Accepting gifts, entertainment or other favors from individuals or entities can also result in a conflict or duality of interest when the party providing the gift/entertainment/favour does so under circumstances where it might be inferred that such action was intended to influence or possibly would influence the interested person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value which are not related to any particular transaction or activity of AMA Queensland.

3. Definitions.

- a. A "Conflict of Interest" is any circumstance described in Part 2 of this Policy.
- b. An "Interested Person" is any person serving as a director, officer, employee or volunteer of AMA Queensland or anyone else who is in a position of control over AMA Queensland who has a personal interest that is in conflict with the interests of AMA Queensland.
- c. A "Family Member" is a spouse, parent, child or spouse of a child, sibling, or spouse of a sibling, of an interested person.
- d. A "Material Financial Interest" in an entity is a financial interest of any kind, which, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect an Interested Person's or Family Member's judgment with respect to transactions to which the entity is a party.
- e. A "Contract or Transaction" is any agreement or relationship involving the sale, purchase or provision of goods or services, the provision or receipt of a loan or grant, the establishment of any other type of financial relationship, or the exercise of control over another organization. The making of a gift to AMA Queensland is not a Contract or Transaction.

4. Procedures

- a. Prior to board or committee action on a Contract or Transaction involving a Conflict of Interest, a director or committee member having a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting. If board members are aware that staff or other volunteers have a conflict of interest, relevant facts should be disclosed by the board member or by the interested person him/herself if invited to the board meeting as a guest for purposes of disclosure.
- b. A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
- c. A person who has a Conflict of Interest shall not participate in or be permitted to hear the board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting. The exception to this rule is granted if the Council votes by a two third majority for the person to be allowed to remain in

the room to hear only or hear and participate only or to hear and participate and vote in the discussion.

- d. A person who has a Conflict of Interest with respect to a Contract or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote.
- e. The person having a conflict of interest may not vote on the Contract or Transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting. The exception to this rule is granted if the Council votes by a two third majority for the person to be allowed to remain in the room to hear and participate and vote in the discussion.
- f. Interested Persons who are not directors of AMA Queensland or who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of board or committee action, shall disclose to the AMA Queensland CEO, or the Chair, or the Chair's designee, any Conflict of Interest that such Interested Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Interested Person. The Interested Person shall refrain from any action that may affect AMA Queensland's participation in such Contract or Transaction.
- g. In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the AMA Queensland CEO or the Chair or the Chair's designee, who shall determine whether a board discussion is warranted or whether there exists a Conflict of Interest that is subject to this policy.
- h. The Chairperson of the board will monitor proposed or ongoing transactions of the organization (eg, contracts or collaborations with third parties) for conflicts of interest and disclose them to the Board and staff, as appropriate, whether discovered before or after the transaction has occurred.
- i. Should the board and the Interested Person disagree that a conflict of interest exists or should the Interested Person disagree with the procedures implemented by the board on the basis that they are outside those set out in this policy, then the parties can seek mediation through an approved Queensland Law Society mediator. The Interested Party can take a support person with them to the mediation.

5. Confidentiality. Each director, officer, employee and volunteer shall exercise care not to disclose confidential information acquired in connection with disclosures of conflicts of interest or potential conflicts, which might be adverse to the interests of AMA Queensland. Furthermore, directors, officers, employees and volunteers shall not disclose or use information relating to the business of AMA Queensland for their personal profit or advantage or the personal profit or advantage of their Family Member(s) or other organisations.

6. Review of policy.

- a. Each director, officer, employee and volunteer shall be provided with and asked to review a copy of this Policy and to acknowledge in writing that he or she has done so.
- b. Annually each director, officer, employee and volunteer shall complete a disclosure form identifying any relationships, positions or circumstances in which s/he is involved that he or she believes could contribute to a Conflict of Interest. Such disclosure shall be retained by AMA Queensland in a register entitled "Conflict of Interest" register. Such relationships, positions or circumstances might include service as a director of or consultant to another nonprofit organization, or ownership of a business that might provide goods or services to AMA Queensland. Any such information regarding the business interests of a director, officer, employee or volunteer, or a Family Member thereof, shall be treated as confidential

and shall generally be made available only to the Chair, the Executive Director, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.

- c. This policy shall be reviewed annually by each member of the Board of Directors and AMA Queensland committees. Any changes to the policy shall be communicated to all staff and volunteers

Basic Conflict of Interest Disclosure Form

Date: _____

Name: _____

Position (director, committee member): _____

Please completed the following Conflict of Interest report, describing any relationships, transactions, positions you hold (volunteer or otherwise), gifts or gratuities/invitations received; **or**

circumstances that you believe could contribute to a conflict of interest between AMA Queensland and your personal interests, financial or otherwise or indicate if you have no conflict of interest to report:

I have no conflict of interest to report

I have the following conflict of interest to report (please specify other nonprofit and for-profit boards or committees that you (and your spouse) sit on, any for-profit businesses for which you or an immediate family member are an officer or director, or a majority shareholder, and the name of your employer and any businesses you or a family member own):

1. _____

2. _____

3. _____

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have reviewed, and agree to abide by, the Policy of Conflict of Interest of AMA Queensland.

Signature: _____

Date: _____

APPENDIX 5 – Risk Management Policy

AMA Queensland Risk Management Policy

What is a Risk Management Policy objective?

AMA Queensland is committed to adopting sound risk management principles and to manage risk in accordance with recognised best practice. In order to deliver this objective a consistent and systematic approach to managing risk is to be adopted by all staff across all areas of the business.

Risk is defined as the chance of something happening that will have an impact upon objectives – it is measured in terms of consequences and likelihood. Risk management is an iterative process consisting of well-defined steps which, if taken in sequence, support better decision-making by contributing a greater insight into risks and their impacts.

For the purposes of this Policy, the term ‘risk’ includes all existing and potential risk exposures facing the Association

The Risk Register records details of all the risks identified for AMA Queensland. Risks associated with activities and strategies and are identified then graded in terms of likelihood of occurring and seriousness of impact. Risk register may identify:

- a unique code for each risk;
- a description of each risk and its potential consequences (operational and strategic);
- actions and controls that currently exist to mitigate risks;
- factors that may impact upon the likelihood and consequence of the residual risk;
- risk grade (priority);
- whether the risk grade is acceptable;
- early warning factors and upward reporting thresholds.

Risk registers should be maintained for all Departments and key planning processes and commercial activities. It is expected that our managers, general managers and CEO will document their key business processes, and upward report emerging risk areas.

The Risk Register

As a formal document, the analysis contained in a risk register can be used to document and improve workplace practices. The register can also be used to notify senior staff and board member of emerging risk exposures that warrant immediate attention.

Involving staff and board members in the process of compiling, monitoring and expanding on our risk register is intended to encourage a high level of ownership of, and commitment to, AMA Queensland processes and activities.

The process of identifying and analysing risks should be a part of tactical decision making and strategic planning. The worth of business plans can be improved significantly if the risks associated with key business processes and proposals are analysed and where necessary, mitigated.

Risk Philosophy

AMA Queensland aims to achieve best practice in its approach to risk management. One objective

of risk management within the Association is to promote a business wide culture where all staff have an understanding of the reasons for, and benefits of, risk management and follow soundly based risk management practices.

The risk management approach at the Association involves the identification of risks, assessment of their consequences and application of adequate controls to mitigate those consequences, together with regular monitoring of compliance with those controls.

In order to achieve an effective and systematic risk management approach, a Board objective is to ensure regular risk reviews, monitoring and reporting of risk issues.

Risk Review

The risk register and risk management policy will be reviewed by the Finance Risk and Audit Committee on an annual basis and recommendations following review are to be made to the Board for consideration/approval.

Extreme/High risk:

CEO to review and report at each Board meeting as to any movement in risk outcome or mitigation measure. If there is an occurrence between Board meetings, the CEO will notify the Board as soon as practical. These risks will also form part of an annual review of the register and policy.

Medium/Low risk:

Reviewed as part of the annual review with any change of risk between review periods being brought to the attention of the Board by the CEO as soon as practical after the change is noted.

Likelihood/Consequence and Risk Rating Matrix

Likelihood Rankings (Positive or negative risks)		
1	Rare	Once in 50 years/ Probability less than 2%
2	Unlikely	Once in 20 years / Probability less than 5%
3	Possible	Probability of 5% to 50%
4	Likely	Probability 50% to 90%
5	Almost Certain	Probability of 90% or more

Consequence Rankings (positive or negative risks)		
1	Insignificant	Very minor or short term impact.
2	Minor	Minor though short term and not insurmountable impact
3	Moderate	More than a minor nature, but unlikely to have major or long term consequences
4	Major	Risk event may lead to serious impact and longer term impact
5	Catastrophic	Risk event may lead to very serious impact/curtailment of activities. Wide spread and possibly permanent impact.

Grade: Combined effect of Likelihood/Seriousness					
	Consequence Rating				
Likelihood	1. Insignificant	2. Minor	3. Moderate	4. Major	5. Catastrophic
A.. Almost Certain	L	M	H	E	E
B. Likely	L	M	H	E	E
C. Possible	L	L	M	H	E
D. Unlikely	L	L	M	H	H
E. Rare	L	L	L	M	H

Recommended actions for grades of negative risk	
Grade	Risk mitigation actions
L	LOW: These risks should be recorded, monitored and controlled by the responsible manager/general manager.
M	MEDIUM: Mitigation actions to reduce the likelihood and seriousness to be identified and appropriate actions to be identified endorsed by at Senior Management Team level.
H	HIGH: If uncontrolled, a risk event at this level may have a significant impact on the operation of a business as a whole. Mitigating actions need to be very reliable and should be approved and monitored in an ongoing manner by the SMT. The Board should be advised of identified or emerging strategic risks which have been graded at this level.
E	EXTREME: Activities and projects with unmitigated risks at this level should be avoided or terminated. This is because risk events graded at this level have the potential to cause serious and ongoing damage to the Association or members Reporting emerging or continuing risks exposures at this level to the Board is mandatory.

APPENDIX 6 – Investment Policy

AMA Queensland Investment Policy

The Investment Policy was adopted by the Board of Directors of AMA Queensland on 16th July, 2013 to provide guidelines for the management of various funds held by the Association.

The policy will:

- establish reasonable expectations, objectives and guidelines for the management and investment of AMA Queensland's assets.
- encourage effective communication between the Finance, Risk and Audit Committee and the Board of Directors.
- create the framework for a diversified asset mix that can be expected to generate acceptable long term returns at a level of risk suitable to AMA Queensland.

In order to manage investment risk and to optimize investment returns there will be three separate investment pools.

- Operating Funds (current year)
- Short Term Investment Fund (cash reserve 1-5 years)
- Long Term Investment Fund (shares and property mix)

PROCEDURES

The following procedures are put in place to ensure that the investment policy is consistent with the Board of Directors risk appetite, tolerance and strategy, and is monitored and reviewed on a regular basis.

1. The Finance Risk and Audit committee will review this investment policy annually.
2. The Finance Risk and Audit committee will recommend any changes in this policy to the Board of Directors who will then decide on whether or not to accept the recommendations.

The following procedures will be used to determine the dollar amounts to be placed in each of the various funds.

1. The Chief Executive Officer will recommend to the Board of Directors the dollar amounts to be held in the Operating Fund following consultation and agreement with the Treasurer and General Manager – Corporate Services.
2. The Finance Risk and Audit committee will recommend to the Board of Directors the strategy investment policy for the management of the Short Term and Long Term Investment funds.

DELEGATION OF AUTHORITY

The Finance Risk and Audit Committee is responsible for directing and monitoring the investment management of the various funds on behalf of AMA Queensland. As such, The Finance Risk and Audit Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include but are not limited to an Investment Property Consultant or a Property Specialist.

To secure the services of a professional investment consultant or to replace a current specialist the following procedure is to be followed:

1. The Chief Executive Officer and the Finance Risk and Audit Committee will recommend the hiring or replacing of a specialist to the Board of Directors.
2. The Chief Executive Officer and the Finance Risk and Audit Committee will nominate prospective candidates and send a Request for Proposal to each candidate.
3. The Chief Executive Officer and the Finance Risk and Audit Committee will review proposals and interview candidates to determine appropriate specialist.
4. The Finance Risk and Audit Committee will make the hiring recommendation to the Board of Directors, who shall have the final approval.

OPERATING FUND

The purpose of the Operating Fund is to provide sufficient cash to meet the day-to-day financial obligations of AMA Queensland in a timely manner.

The investment objectives of the Operating Fund are:

- Preservation of Capital
- Liquidity
- To optimize the investment return within the constraints above.

The Chief Executive Officer if authorized by the Board of Directors will invest the Operating Fund in an interest bearing deposit account with maturity on investments being 12 months or less.

SHORT TERM INVESTMENT FUND

The purpose of the Short Term Investment Fund is to meet the expenses occurring as a result of unanticipated activities up to \$300,000. The returns from the short term funds will generally all (100%) be used by AMA Queensland in its daily operations. However, the percentage may be varied by the Chief Executive Officer if authorised by the Board of Directors.

The investment objectives of the Short Term Investment Fund are:

- Preservation of Capital
- Liquidity
- To optimize the investment return within the constraints above.

The Chief Executive Officer if authorized by the Board of Directors will invest the Short Term Investment Fund in an interest bearing deposit account with maturity on investments being between one and five years.

Should additional funds become available from the operations of AMA Queensland, such funds can be added to the Short Term Fund at the discretion of the Chief Executive Officer, the Treasurer and the Finance Risk and Audit Committee.

LONG TERM INVESTMENT FUND

The purpose of the Long Term Investment Fund is to provide secure long term funding to AMA Queensland. The returns from the long term fund will be reinvested or used to reduce any debt associated with the acquisition of assets within this fund. Should AMA Queensland require the drawing of funds from the Short Term Investment Fund, returns from the Long Term Investment Fund will be diverted to the Short Term Fund until such time as it is replenished.

The investment objectives of the Long Term Investment Fund are:

- Long term growth of capital-while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.
- Preservation of purchasing power-achieve returns in excess of the Short Term Investment Fund and to meet or exceed the market index selected and agreed upon by the Finance Risk and Audit committee.

The investment guidelines include:

- Investments will be made solely in the interest of AMA Queensland.
- The assets will be invested with care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor acting in like capacity and familiar with such matters would use in the investment of a like fund.
- Investment decisions should be at arm's length from any member or associate. All involved parties (including external advisors) should be required to table any conflict or interests in the potential investment before investment decisions are made. Any such persons should then excuse themselves from any further discussions regarding such investments.
- Investment of these funds will be so diversified, to the extent possible with the capital and funds available, so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
- AMA Queensland may employ one or more investment specialists of varying styles and philosophies to attain the Fund's objectives.
- Investments of Long Term Funds to be for a period of at least five years and up to 20 or more years.
- The Finance Risk and Audit Committee will monitor and re-evaluate investment allocation and performance, for continued application of the current specialised industry advisers recommended by AMA Queensland.

Allowable Assets:

1. Shares

- Any investment in shares will be through an investment firm selected through a tender process.
- Investments will be in the listed top 300 Australian companies but not in companies where their primary business is related to tobacco, fast food, pharmaceutical, alcohol, gambling, private health insurers, defence related shares such as gun and explosive manufacturing, prison and detention centres, but with organisations that are not in conflict with AMA Queensland's values and ethical standings.

2. Property

- Any investment in freehold property will be made after first consulting with and, if considered necessary, engaging specialist advisors such as commercial property buyers agents, selling agents and other industry professionals. Investment will be made after reviewing a number of properties that fit AMA Queensland's guidelines in price, position, tenant quality and expected yield. There will be extensive due diligence undertaken prior to the finalisation of any property purchase.
- If there is a requirement to borrow funds to purchase property, the debt level will be no more than 30% of the total investment, and with approval from the Board of Directors no more than 50%. The interest payable should be adequately covered in AMA Queensland's annual budget. The loan structure will include principle payments so that there is debt reduction over a reasonable time period and in line with bank lending covenants.