

# Guidelines for Commercial Activities Policy

## Section 1 - Purpose

(1) Under Part 4, Division 3 of the [Charles Sturt University Act 1989 \(the Act\)](#), Charles Sturt University (the University) has powers to undertake commercial activities.

(2) This policy provides a set of principles and processes for the evaluation, approval, operation, review and registration of University commercial activities.

### Scope

(3) This policy applies to all University staff and controlled entities of the University, including the commercial activities of controlled entities.

## Section 2 - Glossary

(4) In this policy:

- a. Commercial activity - has the same meaning as section 24A of [the Act](#) which is:
  - i. any activity engaged in by or on behalf of the University in the exercise of commercial functions of the University,
  - ii. any other activity comprising the promotion of, establishment of or participation in any partnership, trust, company or other incorporated body, or joint venture, by or on behalf of the University, that is for the time being declared by the guidelines to be a University commercial activity.
- b. Guidelines - means general instructions and not the text type defined as 'guidelines' in the [Policy Framework Policy](#).

## Section 3 - Policy

### Part A - Scope of commercial activities within policy

(5) This policy applies to University commercial activities involving the exchange of goods or services, where the main purpose of the exchange is commercial and monetary value received or expended by the University exceeds \$100,000 per annum.

(6) An activity may be commercial even where:

- a. there is no expectation of profit,
- b. it also fulfils non-commercial functions, and/or
- c. the activity accrues non-financial benefits to the University.

(7) A feature of a commercial activity may be that the University has some independence in controlling the production

or supply of the goods or services, and the price at which they are provided.

(8) A commercial activity may involve the production and sale of a range of individual goods and services (for example, a range of merchandise by an organisational unit). This policy is intended to govern the approval and management of commercial activities, not individual goods or services.

(9) Examples of University commercial activities include:

- a. residential operations including catering, retail and accommodation facilities,
- b. farming activities (other than those dedicated to teaching and research),
- c. operation of clinics and laboratories on a fee for service basis,
- d. development and leasing out of commercial precincts, e.g. AgriPark,
- e. commercial land developments,
- f. continuing education (including conference, non-award and tailored professional programs),
- g. overseas campus operation,
- h. contract research or commercialisation of research,
- i. consultancies,
- j. operations undertaken through a controlled entity, and
- k. operation of childcare centres on a fee for service basis.

(10) Commercial activities do not include:

- a. an activity that is wholly funded by Government operating or special purpose grants for core higher education teaching and research activities and associated support,
- b. fee-paying award accredited programs,
- c. a research activity that does not involve commercialisation,
- d. charitable fundraising activities conducted by or on behalf of the University,
- e. the procurement of University services and assets for University use, and
- f. activities of the student union funded by membership and club subscriptions.

## **Part B - Delegate**

(11) The delegate is an officer, committee, panel or board to whom the University Council has delegated authority to approve commercial activities in accordance with [the Act](#) and the [Delegations and Authorisations Policy](#). [Delegation Schedule C - Finance](#) sets out the delegations with respect to the approval and management of commercial activities.

## **Part C - Evaluation and approval process**

(12) Proposed commercial activities are subject to evaluation and assessment to ensure the activity fits with the University's strategic plans and objectives.

(13) A business case must be prepared by the person or organisational unit proposing the activity and presented in a format determined by the Chief Financial Officer as appropriate for the circumstances.

(14) The business case for commercial activities must include information required to adequately assess the costs, benefits, risks and feasibility of the proposed commercial activity. The level of detail required in the business case will vary depending on the type of commercial activity, but will include:

- a. an outline of the commercial activity and explanation of why it is appropriate for the University,
- b. how the commercial activity aligns with the University's strategic plans as approved by the Council,

- c. the objectives and measurable performance indicators of the commercial activity,
- d. a detailed budget and financial analysis including projected cash flow and expected rates of return (where applicable). This should cover a range of possible scenarios and set out the underlying assumptions,
- e. a risk assessment and management plan prepared in accordance with the University's [Risk Management Policy](#), [Risk Appetite Statement](#) and assessment of insurance appropriate to the activity,
- f. a detailed description of the governance, legal and management structure for the activity including taxation, foreign exchange and accounting arrangements (including audit requirements),
- g. a program of review and reporting against milestones to the appropriate authority within the University. At minimum, this must include a one year review of achievements against the goals and projections contained in the proposal, and the reports and reviews stated at clauses 20 and 21 of this policy,
- h. where non-University parties are involved, identification of these parties and a due diligence assessment of the parties' financial, governance, management and (where relevant) academic processes, capacity, capability and reputation,
- i. an explanation of how the commercial activity will comply with the principles of competitive neutrality,
- j. a list of the benefits of the activity to the University taking into account the risk, opportunity costs, effect on the University's activities and non-financial benefits,
- k. identification of stakeholders,
- l. impacts on other areas of the University where applicable, and
- m. any actual or potential conflicts of interest.

(15) In considering a business case:

- a. each business case must be considered in its entirety without being segmented,
- b. the full cost (including resource inputs, whether cash or in-kind) must be considered,
- c. any apparent or real conflict of interest related to the proposed commercial activity must be managed in accordance with the [Conflict of Interest Procedure](#), where the University Officer who receives and manages the notification will be the delegate (see clause 11), and
- d. advice from the Chief Financial Officer (or their nominee) should be sought before the proposal is approved by the delegate.

(16) Upon approval, the delegate must ensure that the activity is entered into the University's register of commercial activities, held by the Division of Finance, and any supporting documents including business plans are appropriately filed on the University records management system.

## **Part D - Operation of commercial activities**

(17) The conduct and operation of University commercial activities must be consistent with the object and functions of the University as set out in the [Charles Sturt University Act](#).

(18) All persons involved in the commercial activity must declare and manage any apparent or real conflicts of interest as agreed with the delegate. This applies to conflicts of interest identified during the business proposal and any that may emerge through operation of the commercial activity. Refer to [Conflict of Interest Procedure](#).

(19) To assess the financial position and performance of each commercial activity, the University will account for each commercial activity separately within the University's accounts.

(20) The person or business unit responsible for the commercial activity will report bi-annually to the Finance Committee on their commercial activities, including financial performance, risk and performance against business plans.

## Part E - Review of commercial activities

(21) Commercial activities will be reviewed at least every five years but may be reviewed more often. The object of review is to:

- a. assess the continuing viability of the commercial activity,
- b. identify any significant changes in the commercial activity,
- c. confirm the commercial activity has appropriate risk management processes in place (including corruption risk assessments),
- d. ensure the commercial activity is compliant with applicable law and University policy, and
- e. formally assess performance of the commercial activity and recommend continuation, variation or termination of the activity.

## Part F - Register of commercial activities

(22) The Chief Financial Officer is responsible for maintaining the register of commercial activities which complies with the content requirements specified in [the Act](#).

(23) Full access to the register of commercial activities is available to the following:

- a. the University Council
- b. the Executive Leadership Team
- c. the NSW Minister for Education and Early Childhood Learning
- d. the University Secretary
- e. the NSW Audit Office
- f. the Internal Auditor
- g. other parties as required by law or with the authority of a party referred to in (a) – (f).

## Part G - Controlled entities

(24) Where a University commercial activity is managed by a controlled entity that has a board of directors and is subject to the [Corporations Act](#), the commercial activity will be approved and managed in accordance with the constitution of the controlled entity provided that:

- a. the controlled entity must not engage in the exercise of any function or engage in any activity that the University is not authorised to exercise or engage in under the [Charles Sturt University Act](#), except with permission of the minister in accordance with [the Act](#),
- b. the board must ensure that appropriate evaluation and risk processes are followed by the controlled entity in managing a commercial activity,
- c. the board shall include in its annual report to the University any significant change in the activities undertaken by a commercial activity and the associated risks,
- d. the board must promptly inform the Chief Financial Officer of any change to a commercial activity, who will update the register of commercial activities.

## Section 4 - Procedures

(25) Nil.

# Section 5 - Guidelines

(26) Nil.

## Status and Details

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