



Operational Guidelines

Associated and Affiliated Entities

1. Purpose

1.1 The purpose of these Operational Guidelines is to supplement the University's policy on *Associated and Affiliated Entities* and, in particular, to assist with the development of proposals for the University to associate or affiliate with a third party through one of the legal structures described in section 4 of the policy.

1.2 By submitting a proposal that covers each of the points in section 4.2, the sponsor of the proposal will help the delegated officer who needs to make a judgement before approving or not approving the University's participation in an existing or new entity. Such a proposal allows the delegated officer to check that key risks that come with following this kind of opportunity are managed.

2. Interpretation

2.1 These Guidelines are to be read and interpreted in accordance with:

- the [University of Sydney Act 1989 \(as amended\)](#) and any delegated legislation (such as By-Laws or Rules of the University) as amended from time to time.
- the [University of Sydney \(Delegations of Authority\) Rule 2020](#) and
- the [Guidelines Concerning Commercial Activities](#).

2.2 A reference in these Guidelines to legislation, delegated legislation, or to a legislative provision, is a reference to such legislation or provision as amended from time to time.

3. Definitions

In these Guidelines:

Affiliated Entity means an entity in which the University has equal to or less than 20% membership or representation on the entity's governing body;

Associated Entity means an entity in which the University has equal to or less than 50% membership or representation on the entity's governing body;

Delegated Officer means a person with delegated authority from the Senate to approve the University establishing or participating in the relevant Associated Entity or Affiliated Entity.

4. Guidelines

4.1 How do I obtain approval for the University to establish or participate in an Associated Entity or an Affiliated Entity?

4.1.1 A person who seeks approval for the University to establish or participate in an Associated Entity or an Affiliated Entity ('Sponsor') must consult with the Office of General Counsel (OGC). The OGC will inquire about the entity's existing or proposed legal structure. The OGC will also consider whether the proposed association or affiliation is a 'Commercial Activity' for the purposes of s 26A of the *University of Sydney Act 1989* and the University's *Guidelines Concerning Commercial Activities*.

4.1.2 The legal structure of the entity may be an association, partnership, trust, company (usually limited by guarantee or by shares), joint venture or other appropriate structure. The suitability of any structure may vary depending on the field and the country of operation. The University's contribution to the entity may be by means of debt, equity, contribution of assets, human resources, premises, infrastructure, technical, in-kind or subsidised support (such as concessional rental agreements) or other means.

4.1.3 Once the existing or proposed form of the entity has been established or determined, the Sponsor must prepare a Proposal for consideration by the relevant Delegated Officer and, if the proposed association or affiliation is a Commercial Activity, the Chief Financial Officer.

4.2 What matters should the Proposal address?

4.2.1 The Proposal must:

- state the objectives to be achieved by the proposed association or affiliation.
- contain a short statement of the relevant background information, to put the proposed association or affiliation in context.
- summarise the operational and financial objectives of the Associated Entity or Affiliated Entity, and contain detailed plans and budgets showing how the objectives are to be realised.
- and if the proposed association or affiliation is a Commercial Activity, the Proposal must address the requirements set out in the University's *Guidelines Concerning Commercial Activities*.

4.2.2 The Proposal should also:

- state the name of the proposed or existing entity;
- describe any existing relationship with the entity;
- describe the functions of the proposed or existing entity;
- describe the existing or proposed structure of the entity (including the equity structure; who will own debt, equity and foreshadowed income or expenditure?);
- describe the proposed ownership and management of any intellectual property generated by the entity;
- state whether the entity will be a profit or not-for-profit organisation;

- detail the financial and non-financial benefits that the University and other stakeholders expect to receive in return for their contribution to the entity (e.g. revenue stream, intellectual property, access to research results and commercialisation opportunities, access to high-calibre teaching staff, enhanced support to students);
- set out the nature and value of the contributions to be made by the University and other stakeholders, respectively, and whether they will change over time;
- if it is proposed that the University contribute human resources, set out the proposed employment arrangements of affected staff (e.g. Will the staff be employed by the entity or continue to be employed by the University? Will there be formal secondment arrangements? Will University employees fill key management roles?);
- are service agreements between University and other parties needed?
- describe the proposed method of reporting by the entity to the University;
- describe the indicators to be used to measure whether the expected financial and non-financial benefits are being achieved;
- identify any potential risks to the University;
- set out any insurance that may be required;
- identify any relevant milestones and internal reviews;
- identify the members or proposed members of the governing body of the entity, and outline their experience and expertise;
- include detailed budgets for the first 12 months following establishment or participation, and set out the Responsibility Centre codes to be used.

4.3 What will happen to the Proposal?

4.3.1 If the proposed association or affiliation is a Commercial Activity, the Sponsor must give the Proposal to Dean of the relevant Faculty, the Head of Dean and School of the relevant University school, or any other person nominated by the Chief Financial Officer, for consideration in accordance with the University's *Guidelines Concerning Commercial Activities*. The Sponsor must then forward the Proposal and written confirmation of support from the Dean, Head of School and Dean (University school) or any other nominated person, to the Chief Financial Officer for assessment in accordance with the *Guidelines Concerning Commercial Activities*.

4.3.2 If the proposed association or affiliation is not a Commercial Activity, the Sponsor must give the Proposal to the relevant Delegated Officer. The Delegated Officer will consider the Proposal (and any relevant advice) and determine whether a suitable case has been made for the University to establish or participate in the relevant Associated Entity or Affiliated Entity.

4.3.3 The Delegated Officer may:

- approve the Proposal;
- require additional information or request that further work be performed; or
- determine that the University should not establish or participate in the proposed Associated Entity or Affiliated Entity.

4.4 Agreement

4.4.1 If the Delegated Officer approves a Proposal to establish or participate in an Associated Entity or Affiliated Entity, a constitution or an agreement for the entity or the University's participation will be required. Advice should be sought from the OGC on the preparation of the entity's constitution or other agreements needed.

5. Review

5.1 These Guidelines will be reviewed on or before 27 July 2013.

ADMINISTRATION

1. Dates

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| Approval (version 1) | |
| Effect | |
| Review | |
| Approval (version 2) | |
| Effect | |

2. Approval

| | |
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| Version 1 | Dr Michael Spence, Vice-Chancellor and Principal |
| Version 2 | |

3. Signatures

Approved by:

Name

Dr Michael Spence

Position

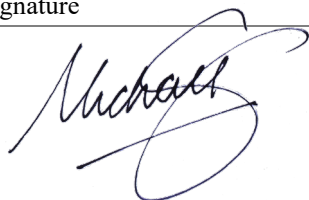
Vice-Chancellor and Principal

Date

28 January 2011

13 June 2017 (administrative amendments only)

Signature





Current policy approver: General Counsel

Current policy owner: Group Secretary