CHARLES STURT
UNIVERSITY

Business Case for

Approval of a New Commercial Activity

<Title of Proposal>

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1. EXECUTIVE SUMMARY

In this section, provide a concise overview of what you are proposing and why it should be supported. This should address the following:

Background

- *how did this proposal came about?*
- *what options did you consider?*
- *why was this option chosen?*

Strategic Alignment

- *Does the activity support an approved priority of the University expressed in your Operational Plan or Strategic Priority endorsed by the Vice Chancellor?*
- *What do we want to achieve by participating in this activity?*
- *Are we allowed to conduct this activity (is it within our authority under the Act)?*
- *What will happen if we do not conduct the activity?*

Outline of recommendations

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1. OVERVIEW OF ACTIVITY

Activity Objectives

List in dot point format the specific objectives of this activity

Reasons for Proposing the Activity Now

What are reasons for developing the Business Case at this particular time? Provide a brief explanation as to why the activity has been identified as a priority.

Impact if the Activity is not Approved

What will be the consequences if this activity is not approved?

Expected Outputs

What are the tangible products that will be produced by this Agreement?

Performance Measurement

How will the performance of the activity be measured? What will need to happen for the activity to be successful?

Conclusion

State the conclusions you have drawn from the above analysis

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3. NEEDS ANALYSIS

The aim of a Needs Analysis is to identify whether there is demand for the outputs of the activity (eg. goods or services) in a specific market or community. It aims to establish whether people want, and therefore will pay, for the good or service. The Needs Analysis may include an evaluation of the market for a service or customer needs. The aim of the analysis is to prove that there is demand for the particular activity you are proposing to deliver. This will help to reduce the possibility of a failure of the activity, or the activity not producing the results anticipated, leading to a loss on investment and possible damage to the reputation of CSU. Below is an example of the types of issues you should address in undertaking an analysis of a market for the sale of goods or services. Delete any categories you do not think are relevant.

Overview

Provide a clear overview of the method you have used to analyse the need for the product and the conclusions you have drawn that are supported by your analysis.

Market Analysis

This section should address the following:

- *Is there a market for the proposed activity/ Is there demand for the particular type of goods or services we are proposing to provide?*
- *Will participation in this market contribute to a strengthening of CSU's reputation. Does it align with how CSU wants to be seen within its communities?*

Situation Analysis

This section should address the following:

- *What is the size of the market (volume and $)?*
- *What is the state of the market (slowing down, growing, increase competition)?*
- *What is the structure of the market?*
- *Who is buying (geographic, demographic, psychographic profiles)?*

Competitor Analysis

This section should address the following:

- *Are there any competitors?*
- *What is their size, goal, market share, product quality and other characteristics needed to understand their intentions and behaviour?*
- *How does your activity compare with competitor activities?*

Environmental Analysis

This section should address the following:

- *What are the broad environmental trends that will impact on the activity's future (eg demographic, economic, technological, political/legal, socio-cultural trends)?*

Output Analysis

This section should address the following:

- *You should be able to say whether the market in general is attractive and why*
- *If so, what segments you might target and how your activity could be positioned*

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- *You should have a solid understanding of where your activity fits into the competitive landscape in the short term*

Conclusion

Explain the conclusions you have drawn from the analysis.

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4. CONSULTATION

This section should explain the process of consultation that was implemented in bringing this proposal forward and the consultative structures for the ongoing management of the activity. This section should address the following issues:

- *Who will be required to contribute time and resources to this activity?*
- *What are their specific responsibilities and do they accept this and have the resources to meet these obligations?*
- *Who will be affected by the implementation of this activity?*
- *Have they been consulted and agree to the activity?*

Internal Stakeholders Consultations

Please describe the consultations held with internal stakeholders

External Stakeholders Consultations

Describe the consultations with external stakeholders.

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5. INTELLECTUAL PROPERTY

Assignment of Intellectual Property

If any CSU intellectual property is to be assigned to a third party during the course of this activity, please indicate how this will be managed.

New Intellectual Property

If the activity could lead to the creation/development of IP capable of commercial exploitation, please address how ownership and rights to new IP will be managed.

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6. COST/BENEFIT ANALYSIS

The cost/benefit analysis sets out the financial and non-financial costs to the University to participate in the activity and the anticipated benefits. You should address the following issues:

- *What amount of investment is required - specify both $ and in kind and over what period?*
- *Where is the funding coming from? And under what terms and conditions?*
- *What are the projected income and expenditures for the next 3 years? And capital expenditure?*
- *Identify all major assumptions. Detail accounting policy eg revenue recognition.*
- *What financial benefits are expected eg dividends, fee distribution to third parties?*
- *If part of the University, what are the funding arrangements eg is rent paid, and if so how much? Are payments to be made for utility costs, eg phones, IT infrastructure use eg computer support etc?*

Budget

Consult with the Division of Financial Services in preparing an accurate budget for the proposal. The budget should include all identifiable costs to the University, including staffing, on-costs, legal, media, travel, physical resources, etc. You should also indicate the source of funds – is it an existing available fund or are new and additional funds required.

Benefits

A benefits analysis specifies the expected financial and non-financial returns from a given project. It compares 'with' and 'without' situations. The results of this analysis can be used to evaluate alternative options. It can strongly support a bid for management endorsement and resource allocation.

Insurance

- *Does the University's insurance cover the proposed activity?*
- *If yes, has disclosure been made to the University insurers?*
- *If no, what insurance is necessary and at what cost?*

You should consult the University's Insurance Consultant on insurance requirements and include details of any advice provided in your response.

Taxation

- *What taxes and charges must be paid in relation to the activity in Australia or overseas eg GST< withholding tax, consumption tax, payroll tax, stamp duty etc?*

You should consult with the GST Officer in the Division of Finance on taxation issues. If the proposal is for an overseas venture, then you should obtain formal advice on taxation requirements in the relevant jurisdiction.

Competitive Neutrality (Applicable to activities delivered within Australia only)

The University is committed to accountable and transparent administration and the efficient allocation and utilisation of public resources. One way to realise this commitment is to apply competitive neutrality (CN) policy to University commercial activities. CN requires that commercial activities not

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enjoy a net competitive advantage over competitors by virtue of their public ownership when delivered.

CN applies to a commercial activity according to the following criteria:

1. *there is an external charging for goods or services (not necessarily to the final consumer);*
2. *there is an actual or potential competitor (either in the private or public sector) i.e. purchasers are not restricted by law or policy from choosing alternative sources of supply.*

If Competitive Neutrality applies to this activity please contact the Division of Financial Services to discuss neutrality options.

Staffing Requirements and Costs

- *Have staffing requirements and roles been clearly defined?*
- *What skills/qualifications are required to successfully undertake the activity?*

New Staff

If new staff will be required to successfully implement the proposal, please outline their responsibilities and employment conditions of each new position and indicate timelines for appointment. Also indicate whether the new staff will be employed under a relevant Enterprise Agreement

Staffing located at Third Party

If a third party is involved:

- *Will the staff be employed by the University or the third party?*
- *Will employees of the third party have the status of adjunct staff of the University?*

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7. DUE DILIGENCE ASSESSMENT (ONLY IF THIRD PARTY INVOLVED)

A formal due diligence assessment must normally be completed if the activity involves a third party (see Due Diligence – a Guide for Third Parties for information on the specific requirements). The aim of a Due Diligence Assessment is address the following issues:

- *Do I really know who I am dealing with?*
- *Can they do the things they say they can?*
- *Do they have the resources (staff, money, facilities etc) to deliver on outcomes?*
- *Do we want to be associated with them (eg. reputation)?*
- *Do they have a strong track record?*

At the very least, you should review the Annual Reports and financial statements of the entity for the past three years. If relevant, you may wish to obtain referees such as previous partners or contractors to get some insight into working with the organisation. You should also request a credit reference report from the Division of Finance to determine if the organisation has a good credit rating.

Details of the Third Party

Please attach a copy of the Certificate of Registration as a Company or entity in the relevant jurisdiction.

Entity Name *(exactly as it appears on the certificate of registration)*	
Type of Entity *(include copy of certificate of registration from relevant authority as Attachment)*	
Registered Street Address *(exactly as it appears on the certificate of registration)*	
Postal Address	
Phone	
Facsimile	
Email	
Website	
Name of Managing Director	

Description of third party

What does the third party organisation do? What type of organisation are they (eg. company, association, trust)? Only complete if not previously addressed in the Business Case.

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Location of Third Party

Where is the organisation registered? Do they have offices or facilities anywhere else?

Governance of Third Party

Please provide information on the directors and senior officers of the third party. The type of things you may wish to consider, where this is relevant to the arrangements you are proposing, are:

1. *If an overseas course delivery proposal, has a director or senior officer ever been banned under the Education for Overseas Students Act of the Commonwealth?*
2. *Has a director or senior officer ever been charged with a criminal offence of dishonesty before a court, commission or tribunal?*
3. *Has a director or senior officer even been declared bankrupt or banned from managing or directing a company in any jurisdiction?*
4. *Does a director or senior officer hold any material personal interest that is in conflict with the activity?*

If the answer is Yes or Unknown to any of the questions, please provide a detailed explanation below or talk to the Division of Financial Services about what you can do..

Financial Viability and Sustainability

It is important for CSU to be satisfied that the third party has the finances to fund the start up of the activity (where applicable) and to meet its obligations for the term of the activity. To do this, CSU should undertake an assessment of the third party's financial viability and sustainability. In thinking about this issue, you may wish to consider the following:

- *Has a company search been undertaken to make sure the company is appropriately registered and able to engage in the proposed activities?*
- *Has an independent credit reference check been performed (eg. Dunn and Bradshaw) to see if the company has been refused credit or has a poor credit rating?*
- *Have the company's most recent financial statements been obtained and reviewed to show that the company has a sustainable cashflow and sufficient assets to fund its contribution to the proposal?*
- *Has an assessment of the contracting company's ability to perform the following been undertaken: ability to fund start-up costs; absorb operating losses, if incurred; fund future capital expansions?*
- *Have any concerns regarding the financial viability of the company been identified and discussed with them?*
- *Have procedures been put in place to monitor the ongoing financial performance of the organisation?*

If you need help to complete this analysis, please talk to the Division of Financial Services.

Academic Experience and Capability

Where the proposal involves the delivery of academic programs with a third party, it is important to assess the academic experience, skills and reputation of the party to deliver the program to the same standard of education at CSU in Australia. You should outline your analysis of the academic experience and capability of the party in this section.

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Conclusion

State your conclusions in relation to the information supplied above.

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8. RISK ASSESSMENT (incl corruption assessment)

A Risk Register must be completed and maintained for all new activities in accordance with the Risk Management Guidelines produced by the Office of Planning and Audit. If the activity involves third party course delivery, then use the Risk Register Template for Third Part Course Delivery.

Risk assessment and management involves the identification, monitoring and mitigation of the factors that can reduce the success of the commercial activity. Risks can result in a number of consequences, including:

- *benefits are delayed or reduced,*
- *timeframes are extended,*
- *outlays are advanced or increased,*
- *output quality (fitness for purpose) is reduced, and/or*
- *additional costs are incurred*
- *the reputation of the University is impaired.*

Risks can be analysed and evaluated according to the likelihood they will be realised and the level of seriousness/impact they will have if they do occur. That is, risks are ranked according to whether there is a rare, unlikely, possible, likely or almost certain likelihood they will occur, and according to whether their level of consequence will be insignificant, minor, moderate, major or catastrophic if they happen. The attached tables have been developed by the University, and can be used for this ranking process.

The aim of the section is to address the following issues:

- *What are the risks (including corruption or probity risks)?*
- *Can we manage them?*
- *Do the potential opportunities outweigh the potential risks?*
- *Are the risks insurable?*
- *Does everyone accept the risks?*

To complete the risk assessment, please refer to the Risk Assessment Guidelines on the Office of Planning and Audit web site.

Conclusions

Identify if the proposal is high, medium or low risk and the relevant management strategies to deal with any risks.

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9. GOVERNANCE, MANAGEMENT AND LEGAL

In this section you need to set out the specific legal and governance arrangements for the activity and why you are proposing these arrangements.

Legal structure

Identify the legal structure proposed (company, agreement, association, joint venture etc) and describe why this structure is appropriate for the management of this type of activity. The issues you should consider are as follows:

- *Is the legal framework appropriate to this type of activity?*
- *Does it support the effective management of the risks to the University?*
- *Does it provide the flexibility to meet outcome expectations?*
- *Does it allow the activity to be managed effectively?*
- *Will I meet all my compliance responsibilities?*

You may wish to talk to the Manager, Compliance and Legal Services in the Office of Vice Chancellor before completing this section.

Compliance Obligations

Identify each of the legal and related obligations in Australia and overseas (if applicable) and indicate what management strategies are in place to ensure these are managed effectively at all times.

Compliance Obligations	Management Strategy
Eg. ESOS Act 2002	Monitor and Evaluate

Management Plan

How will the activity be managed to ensure it is successful.

Audit of Activity

Prior to submitting the activity, you must talk to the University Auditor about the activity and identify auditing requirements for the activity.

Conclusions

Identify your conclusions from this part of the analysis.

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11. TIMELINES AND REPORTING

Identify key dates and actions.

Event	Date commenced	Date Finalised	Responsibility

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