



Version	Approved by	Approval date	Effective date	Next full review
2.0	President and Vice-Chancellor	4 May 2019	1 June 2019	June 2022
<b>Policy Statement</b>				
<b>Purpose</b>	This policy applies the principles of competitive neutrality to UNSW businesses and other commercial activities (including contract research)			
<b>Scope</b>	All staff and affiliates of UNSW			
<b>Policy Provisions</b>				

## 1. Background

The 2016 Intergovernmental agreement on competition and productivity enhancing reforms between the Commonwealth and States of Australia endorsed the principles and practices of competitive neutrality (CN) which applies to business activities carried out by publicly funded institutions, including universities.

The relevant objectives of the policy in terms of UNSW are:

- To ensure that significant business activities of publicly owned entities should not enjoy any net competitive advantage simply as a result of their public ownership
- To encourage fair and effective competition in the supply of goods and services

## 2. Application of Competitive Neutrality at UNSW

The principles of competitive neutrality require that UNSW businesses and other commercial activities charge a competitive amount for their services, rather than a reduced price based on cost advantages that arise from being a large institution that receives public funding. These cost advantages emerge from a range of sources, such as the University's tax-free status and shared infrastructure and resources funding, which typically underwrite the costs of activities.

Many of the benefits of applying CN are not easily measured in dollar terms, but are substantial for UNSW:

- The adoption of improved business practices
- Establishing a better basis for resource allocation decisions
- Improved accountability, transparency and equity
- Financial sustainability

The costs that must be recognised in terms of CN principles include buildings and physical infrastructure, university-wide information technology, and other Central and Faculty services, including insurance, legal and financial management services. These costs must be recovered on all externally funded knowledge exchange and commercial activities.

## 3. Cost Recovery

The price of an activity to an external party should be no less than the sum of the direct and minimum economic costs to UNSW in undertaking the activity. The University will review and set the minimum economic costs to be used under the policy regularly.

Cross-subsidisation between commercial and other activities is undesirable as it is not competitive and reduces the transparency of transactions. While under-pricing may appear to have advantages in securing a project, such an approach is not in the interest of the University. Appropriate cost recovery encourages identifiable and rational use of resources and the disclosure to the community of the real cost of providing services.

### **3.1 Direct Costs**

Direct costs are those costs that are directly attributable to the activity, and may include:

- Salaries and on-costs of staff, including the principal investigator/consultant (on-costs include superannuation contributions, payroll tax, worker's compensation insurance, annual leave loading, and provisions for long service leave; on-costs are approximately 29.5% of base salary, though this may vary depending on the superannuation scheme)
- Stipends of research assistants
- Specialised computing and database charges
- Materials and supplies
- Equipment and components
- Brokerage and freight
- Large volume communication (telephone, fax, courier, postage)
- Photocopying, report production
- External consulting services
- Workshop, laboratory, and other scientific services
- Travel and living expenses

### **3.2 Minimum Economic Costs**

These are the minimum estimated costs incurred by UNSW in supporting commercial and KE activities. They cannot be easily allocated to a single project and are therefore not included in direct costs above. These costs are estimated by averaging them across all activities to derive a simple formula.

At UNSW, these costs include:

- Provision and maintenance of buildings and physical infrastructure
- University-wide information resources and technology
- UNSW Libraries
- IT and Telecommunications
- Insurance and legal services
- Financial management services
- Research management
- IP management and commercialisation
- Security
- Central and faculty administrative services

## **4. Pricing**

In order to ensure that pricing of activities is consistent with the interests of the University and the principles of competitive neutrality, pricing for each activity will be determined on the basis of an analysis of direct and minimum economic costs.

## **5. Approval**

Approval of University Paid Outside Work and other University commercial activities by the HOS/Dean is dependent on the appropriate costing of all aspects of the activity.

## **6. Staff Responsibility**

Staff should ensure that UNSW commercial activities (including contract research) are conducted in accordance with this Policy. Any departure from competitively neutral pricing should only occur in accordance with this policy and must have the approval of the DVC Enterprise and Dean.

## **7. Reporting and Review**

Academic staff are required to report involvement in paid outside work on an annual basis. The review of this policy will take account of the reports of these reviews.

<b>Accountabilities</b>				
<b>Responsible Officer</b>	Deputy Vice-Chancellor, Enterprise			
<b>Contact Officer</b>	Director, Knowledge Exchange			
<b>Supporting Information</b>				
<b>Legislative Compliance</b>	<a href="#">University of New South Wales Act</a> , 1989 (NSW) <i>Competition Policy Reform Act 1995</i> (Cth) <i>Competition and Consumer Act 2010</i> (Cth) and relevant State Acts			
<b>Supporting Documents</b>	Nil			
<b>Related Documents</b>	<a href="#">Paid Outside Work by Academic Staff Policy</a> <a href="#">Conflict of Interest Disclosure and Management Policy</a> <a href="#">Pricing of Externally Funded Research Procedure</a> <a href="#">UNSW Guidelines for Commercial Activities</a>			
<b>Superseded Documents</b>	Policy on Competitive Neutrality and Pricing, v1.1			
<b>File Number</b>	2019/14163			
<b>Definitions and Acronyms</b>				
<b>Affiliates</b>	Conjoint and visiting appointees; consultants and contractors; agency staff; emeriti; members of University committees; and any other person, not being an employee, appointed or engaged by the University to perform duties or functions for the University			
<b>CN</b>	Competitive Neutrality			
<b>IP</b>	Intellectual Property			
<b>IT</b>	Information Technology			
<b>University Commercial Activity</b>	<p>is defined in Part 4, Division 3, Section 20A of the <a href="#">University of New South Wales Act</a>, 1989, as those activities comprising the commercial exploitation or development, for the University's benefit, of any facility, resource or property of the University or in which the University has a right or interest.</p> <p>This definition includes the exploitation of intangible property and resources including knowledge, research, and intellectual property and may include Knowledge Exchange activities such as consulting, contract research and UNSW Paid Outside Work.</p>			
<b>Revision History</b>				
<b>Version</b>	<b>Approved by</b>	<b>Approval date</b>	<b>Effective date</b>	<b>Sections modified</b>
1.0	UNSW Council (CL05/093)	29 August 2005	1 January 2006	
1.1	President and Vice-Chancellor	26 March 2013	2 April 2013	Sections 2, 2.4 and 6
2.0	President and Vice-Chancellor	4 May 2019	1 June 2019	Full review