

BOARD POLICY

POLICY TYPE:	Board-President Relationship
POLICY TITLE:	Entrepreneurial Activities and Subsidiaries
EFFECTIVE DATE:	March 2008
REVISION DATE:	February 2019
RENEWAL DATE:	February 2022

1. Background

- 1.1. Colleges are expected to be flexible, entrepreneurial, responsive, and market driven to better meet the needs of students, employers and communities. Partnership activities with business, industry, and professional associations will promote college programming that is more closely aligned to the needs of the workplace and more relevant for students. In engaging in commercial activities, colleges must not, either by virtue of their access to public funds or by virtue of their not-for-profit status, compete unfairly with the private sector. (Finance and Administration: Minister's Binding Policy Directive on Entrepreneurial Activities ("MBPD – Entrepreneurial Activities")).
- 1.2. Such opportunities shall be in compliance with:
 - 1.2.1. Appropriate executive limitations associated with involvement in entrepreneurial activities and subsidiaries, as outlined in MBPD – Entrepreneurial Activities.
 - 1.2.2. Sound and efficient management of public money, per Section 3.1 of the *Financial Administration Act*
 - 1.2.3. Any agreements or contracts are in compliance with the *Ontario Colleges of Applied Arts and Technology Act, 2002* and the *Corporations Act*.

2. Definitions

2.1. Entrepreneurial Activities

Entrepreneurial activities are intended to generate value through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets. Ancillary and commercial services, as described below, are considered to be consistent with the education and training mandate of the colleges. Entrepreneurial activities are not limited to ancillary and commercial services.

- 2.1.1. Colleges may offer ancillary services for the primary use of students and faculty that support education and training activities such as parking lots, bookstores and cafeterias; colleges may also rent out unused space or performance venues; services may be delivered through contracts with third parties. (MBPD – Entrepreneurial Activities)
- 2.1.2. Colleges may offer commercial services related to their training and education mandate. Learning enterprises such as, but not exclusively, the dental clinic and restaurant may be offered to the general public at a fair market price and may return a profit to the college. (MBPD – Entrepreneurial Activities)

2.2. Subsidiary

A corporate body, either partially or wholly owned, incorporated at the direction of the college, or effectively controlled by the college, but not including a corporate student government or a corporate body incorporated at the direction of, or effectively controlled by, a student government. Subsidiaries may be incorporated federally or provincially, depending on the requirements of the college. The mandate of a subsidiary may not be greater than or in conflict with that of the college. Examples include for-profit and non-profit corporations (either of these being share issuing or non-share issuing) and foundations. (MBPD – Entrepreneurial Activities)

2.3. Public Private Partnership

A public private partnership is a venture that is established through a contract by the college and one or more private sector companies with joint contribution of monetary and/or other resources.

3. Policy statements

- 3.1. New entrepreneurial initiatives and opportunities for the creation of College subsidiaries may be undertaken when consistent with defined College policies. It is recognized that such opportunities present both benefits and risks.
- 3.2. The President shall ensure that entrepreneurial activities are supported by a strong business case; contribute positively (as a whole) to the College's financial position; are consistent with the College's mandate and strategic goals and objectives; are compliant with MBPD – Entrepreneurial Activities and all other applicable legislation and government policy; all such activities are appropriately communicated to the Ministry; and any risks associated with such entrepreneurial activities are identified and appropriate strategies put in place.

- 3.3. Further, without limiting the scope of the above statement by the following list, the President shall:
- 3.3.1. When considering the operation of entrepreneurial activities that may bring the College in competition with the private sector, appropriate consideration must be given to the need for consultation with the community that will maintain the community's cooperation. (MBPD – Entrepreneurial Activities)
 - 3.3.2. Charge at minimum the fair market value when providing goods and services to the general public.
 - 3.3.3. Protect the core business and assets of the College, ensuring public funds are utilized in a manner consistent with the College level education and training mandate.
 - 3.3.4. Include all entrepreneurial activities in the College's annual business plan and annual report.
 - 3.3.5. Ensure all processes associated with entrepreneurial and commercial activities such as tendering and purchasing are open and transparent with practices that meet provincial policy standards including the *Broader Public Sector Accountability Act*.
 - 3.3.6. Submit to the Board proposals for any of the following activities:
 - a) Issuance of debt securities, such as notes, bonds, debentures, or other evidence of indebtedness. This limitation does not apply to ongoing cash-flow management strategies such as the negotiation of credit terms with suppliers, leasing contracts, lines-of-credit or short-term loans;
 - b) Creation or dissolution of a wholly owned subsidiary corporation, including a College foundation;
 - c) Creation or dissolution of a partially owned subsidiary corporation, which also requires written Ministry approval;
 - d) Acquisition of an interest in, or outright ownership of, any organization or company, or sale thereof;
 - e) Public private partnerships that require deployment of monetary and/or other College resources or dissolution thereof.

4. Monitoring

The President will verify in writing on an annual basis that he/she has neither caused nor knowingly permitted any practice, activity, decision or organizational circumstance related to entrepreneurial activities and subsidiaries that is unlawful, imprudent, or in contravention of the policy.

5. Related legislation, Minister's Binding Policy Directives and other documents

- *Broader Public Sector Accountability Act*
- *Corporations Act*
- Durham College By-Law No. 1
- *Financial Administration Act*
- Minister's Binding Policy Directive on Entrepreneurial Activities
- *OCAAT Act*