

THE UNIVERSITY OF MELBOURNE

ADMINISTRATIVE COMMITTEE

Meeting 14/04

AMENITIES AND SERVICES FEE FOR STUDENTS 2005

PURPOSE

To gain approval for the Amenities and Services Fee (ASF) to be charged to students and the distribution of the Amenities and Services Fund between student groups for 2005.

BACKGROUND

The Amenities and Services Fund Working Group (ASFWG) has met six times during 2004. The group, chaired by the Director, Student Programs, is comprised of representatives of Melbourne University Student Union Ltd (MUSUL), the University of Melbourne Postgraduate Association (UMPA), Melbourne University Sport (MUS) and a representative of the ILFR Campus Student Associations. The levels of required increase in the ASF and arrangements for the disbursement of the Fund in 2005 were discussed, as well as a range of other issues related to the Fund as detailed in Section 1.

SECTION 1: ISSUES DISCUSSED DURING NEGOTIATIONS

1.1 ASF Model

Historically, the ASF has been calculated according to students' status as either full-time or part-time (at a principal campus, outstation or external). In 2004, the full-time campus fee was \$382 and the part-time fee was \$239.

For some years now, the University's contracts with fee-paying students state that they pay a fixed rate per equivalent full-time student load (EFTSL) for their study, including the cost of the ASF. For example, in 2004 a full-time BA student paid \$13,500. This comprised \$13,118 in course fees plus a \$382 ASF charge. While the student fee was always directly proportional to their EFTSL, the ASF component increased or decreased at the FT/PT threshold. As a result the course fee component needed to offset this fee so that the total student fee always moved smoothly with EFTSL.

Under the new Higher Education Support Act 2003, the University is required from 1 January 2005 to charge the same fee to each student sitting the same subject within fee-type. To achieve this uniform charging while maintaining our commitment to charge students a fixed fee per EFTSL, it is necessary to stop the ASF fluctuating abruptly at the FT/PT threshold, as this causes an equal and opposite fluctuation in the course fee which is no longer allowed. The only way this can be achieved is to relate the size of the ASF charged to each student to the size of the EFTSL for which the student is enrolled. Therefore, from 2005 it is necessary to move to charging ASF based on EFTSL.

1.2 ASF Levels in 2005

The ASF for 2004 represented a CPI increase of \$11 on the full-time fee for the previous year. There is no GST levied on the ASF.

Financial Operations advised that a CPI growth of 3% should be taken into consideration when setting the 2005 fee level.

There had been suggestions made that the ASF levels charged in 2005 should remain unchanged from the 2004 fees because of the problems associated with MUSUI last year and the fact that the HECS will increase in 2005 due to the University's response to the higher education reform agenda. In 2005, based on the EFTSL calculation model, if the full-time fee were to remain at the 2004 rate of \$382, there would be a reduction in fee income of \$238,330. Therefore, with advice from Student Administration and Financial Operations, income projections were made on both a \$6 and a \$10 fee increase. Given that at the latter figure there will still be an overall reduction in the fund, all members of the group agreed to propose a \$10 increase (a CPI increase would be \$11, but due to the semesterisation of the calculation, Merlin system requirements dictate that the sum when divided in two must not result in a fractional amount). This increase equates to a fee per EFTSL of \$392. Allocations to student groups based on this recommended fee are shown in **Attachment B**.

The new system will lead to a variety of different fees being paid by students, depending on their load. For the purpose of determining the ASF levied, a student's load will be capped at 1.0 EFTSL. At a fee level of \$392 per EFTSL, when compared with the 2004 full-time and part-time fees, 60% of the student population would pay more than in 2004 and 40% would pay less.

1.2.1 Support for a \$392 fee

The following statements outline the Working Group members' respective submissions in support of a full-time fee in 2005 of \$392, a near CPI increase:

- (i) MUSUL supports a full-time ASF of \$392 in 2005. The EFTSL model proposed is considered a fairer system of ASF determination and therefore appropriate. Though actually leading to a net decrease in recurrent and capital funding for our organisation, the changes reinforce the objectives of MUSUL to offer greater value and relevance in the provision of student services at the University of Melbourne. We do not intend to reduce services as a result of these changes and in fact are planning to improve efficiency to counter the funding reduction. Wherever possible it is one of MUSUL's key objectives to provide a return on the investment of ASF by students both through in kind and tangible dividends. We endorse the proposed changes.
- (ii) UMPA supports the recommendation of the Amenities and Services Working Group to increase the ASF for a full-time student by \$10 for 2005. The Association takes a position that all recommendations for increases to fees, including ASF should be justified and have regard for the financial burden and benefit to students, as well as to include an accompanying demonstration of efficiencies and best practice in service delivery. A \$10 increase to the ASF is regarded as necessary to ensure that student communities, in particular those located at non-Parkville campuses, will continue to exist, and will have the opportunity to be restructured and supported by the other student organisation members during 2005. In addition, the "Melbourne Experience" can only occur successfully if services at the Parkville campus are not diminished while the rebuilding of the Student Union is proceeding, and access to sporting and recreational facilities remains financially viable to students. Members of the ASF Working Group are actively reviewing their operations and pooling resources where appropriate to reduce costs; however UMPA is convinced that without the \$10 increase to ASF in 2005, the continued student support operations of non-Parkville student associations will be under threat, and those services or accessibility to services at Parkville will be detrimentally affected.
- (iii) Melbourne University Sport supports an increase of \$10 to the ASF for 2005. In 2005, under the new Enterprise Agreement, MUS is required to fully fund the guaranteed salary increase for staff (budgeted at 4.1%), to provide for increased running costs of the sport and recreation infrastructure as a result of the re-tendering of the grounds maintenance contract, and to establish new maintenance and service contracts for the Beaurepaire

Centre. The level of financial support for sports clubs has been frozen for the last two years and clubs are seeking an increase in support for 2005 to meet their increased costs. The \$10 increase will not quite maintain our 2004 ASF funding, which means we will need to increase membership fees at a greater level than desired to provide for our increased expenditure.

- (iv) It is the position of ILFR campus student associations that ASF levels should be set annually at a minimum of CPI increase to appropriately resource, maintain and protect student services in the following year.

To ensure that services are not terminated or reduced at ILFR campuses, ILFR campus student associations require additional funding. The funding received in 2004 was not sufficient to fund current levels of services, which in themselves are not sufficient to cater for the needs of students.

With the fee of \$392, ILFR will have an increase of \$4,464 on its 2004 allocation (to be shared across 6 campuses). This is not a significant amount and it needs to be noted that it is still \$56,000 less than the 2003 allocation, because of the reduced higher education load at these campuses.

ILFR campus student associations are aware that additional ASF income has been allocated to ensure that ILFR campus student associations are not so severely affected by the EFTSL model in 2005 (further details in Section 1.8.3 of this paper). Therefore, ILFR student associations also support the \$10 increase to preserve the ASF fund and assist the other Parkville student organisations, which potentially will experience significant drops in income under the \$6 fee increase model.

1.3 Calculation of Projected Income

For 2005, Student Administration calculated a projected fee income of \$12,281,539. This is based on actual student load in 2004, calculated at \$392 per EFTSL.

This approach of using the previous year's student numbers results in a carry forward amount in the fund if student numbers rise above the current year's level and the mix of students between load percentages remains similar. This carry forward is distributed in the following year. Thus increases in income due to increases in student numbers are allocated in a lagged fashion in the following year. This process is conservative but has the support of Financial Operations.

1.4 Recurrent Funding Allocations

In 2003 UMPA submitted a detailed submission to the ASFWG that sought an increase of its share of recurrent funding by an additional 1% of the total recurrent funding pool. This claim was based on increases in the proportion of the student population who are postgraduates from 26.4% to 28.9% (+2.5%) over the past six years. UMPA suggested that to reflect the changing profile of the student population, 1% of ASF recurrent funding be shifted from MUSUL to UMPA.

As agreement could not be reached on the submission in 2003, the Chair put forward a compromise proposal that UMPA receive an additional 0.3% of the recurrent funding pool in 2004, to come from MUSUL's percentage share. After consideration, all parties accepted this proposal.

In 2004, discussions regarding this issue continued between UMPA and MUSUL. After consideration at a MUSUL Board meeting, it was agreed that a further 0.7% of the recurrent funding pool be transferred from MUSUL to UMPA in addition to the 0.3% agreed to in 2003.

1.5 Capital Reserve

In 2004 it was agreed that the capital reserve allocation would be determined on the basis of submissions from the members in relation to rolling five-year capital plans.

All groups provided the five-year capital plans, with the exception of MUSUL who provided a one-year plan as they are still in the early stages of the new organisation.

All areas justified their current allocations, and as no bids were made to change Capital Reserve percentage levels, these remained consistent with 2004 levels.

1.6 New Student Union Structure

ASF funds will be directed by the University to the Student Union only through MUSUL. MUSUL will fund the new student organisation that replaces Melbourne University Student Union Incorporated (MUSUI). The Student Representation Working Group is working towards developing a constitution for the new student organisation.

Although there is now an additional position on the ASFWG for a Student Director of MUSUL, it was established that there will only be one Student Union vote or position considered by the ASFWG in regard to decisions to be made by the group.

1.7 Outstations

The issue of provision of funding and support to outstations, including the Goulburn Valley, was discussed. MUSUL is reviewing their provision and oversight of funding and services to outstations. MUS and UMPA are also investigating their contribution to outstations.

Further attention to the needs of outstations will be identified in the review outlined in Section 1.8.1 below.

1.8 ILFR Campus Associations

The ILFR representative presented a paper for consideration to the ASFWG outlining the financial difficulties faced by the ILFR campus student associations. Over the past few years, the financial viability of ILFR campus student associations has been adversely affected by a number of factors including the reduction in Higher Education student numbers, the resultant loss of commercial income, higher insurance premiums and auditing costs, increased staffing costs and tightening of EH&S standards. As a result, campus associations are facing loss of services, redundancies, closures and debt.

The paper made a number of recommendations and after discussion the following arrangements were supported by the Working Group:

1.8.1 Service Model Review

A project officer will be employed to conduct a review of services provided by ILFR campus student associations, MUSUL, MUS and UMPA at all non-Parkville ILFR locations. This project will be funded by MUSUL and will also investigate and assess the difficulties facing ILFR Campus student associations. Issues that will be explored include whether the current services are appropriately resourced and if student service needs are being met via the student associations; whether the delivery of some services and ILFR administration charges including auditing via MUSUL would be more efficient or cost effective; and whether the continued support for independent campus based student organisations is the optimal model. Following the review, a report will be provided outlining ILFR campus association needs and providing any recommendations for efficiencies as well as funding assistance. The review by MUSUL will also look at the provision of services and needs of outstations.

Any recommended adjustment to the ILFR allocations arising from this review will be progressed to Administrative Committee.

1.8.2 Provision of ILFR Contingency from 2004 Carry Forward

The paper also proposed that given their current funding shortfalls, a one-off allocation be considered in 2004 to ILFR campus associations from the ASF 2004 carry forward. The Working Group agreed that before a recommendation for such a grant could be made to Administrative Committee, further clarification of the campus association accounts was needed, as well as explanations regarding the reasons for forecast deficits.

The timing for setting the 2005 funding allocations does not allow the ASFWG to wait for clarification from ILFR. Therefore, it was decided that \$70,000 of the 2004 carry forward be held back for possible distribution to ILFR, pending these further details. If there is no justification to make an additional allocation, the money set aside will supplement the ASF 2005 carry forward. If it is agreed that a grant of more than \$70,000 is required, MUSUL, UMPA and MUS will need to decide whether any additional funds will come out of their 2005 allocations.

1.8.3 Calculation of ILFR ASF Allocation

The final recommendation from the paper was for the ILFR allocation to be calculated on a straight percentage basis, rather than an estimation of their actual ASF income.

For a number of years, ILFR's allocation has been based on a manual estimate of the ASF income earned by each campus. Under an EFTSL calculation method, the funding allocation would not sustain the continued effective functioning of the student associations and the provision of a basic level of services on all ILFR campuses.

The provision of services by the student associations is a vital component of student life and is critical to the overall student experience. Economies of scale dictate that providing services at small campuses is a more costly affair and in view of this, it was agreed that for 2005, the total ILFR allocation should not fall below the 2004 share of the allocation that ILFR received (2.3% of the funds available for distribution).

1.9 Student Insurance Cover

For strategic cost efficiency purposes, the Risk Management Office has elected to extend the expiry date of the current student insurance policy to 31 October 2004. The precise cost for 2005 student insurance cover is not known at this stage. The Risk Management Office advised it will not exceed the 2004 amount of \$135,655. If as hoped cost efficiencies are made, any savings will be carried forward into the 2005 surplus.

1.10 Tertiary Education Act

Allocations of ASF income to the two student organisations, UMPA and MUSUL, are subject to the submission of detailed budgetary and other financial documentation. This provides the University with sufficient information to ensure it meets its obligations under the Tertiary Education Act (TEA). Oversight of ILFR budgets has been the responsibility of the (previous) MUSUI. Following Council approval of the income distributions and fee levels proposed in this paper, budgets submitted by the student organisations will be checked for compliance with the TEA before new funding agreements are drawn up.

1.11 ASF Collection Arrangements

Prior to 2004, the ASF was calculated and paid on a yearly basis. In 2004, on the recommendation of the ASF Review, this arrangement changed to the ASF being calculated on a semester basis, while still being collected annually.

As payment of the ASF at the beginning of the year represents a significant financial burden for some students, it was suggested that the ASFWG investigate the possibility of students paying this fee by the semester. Exploration into the viability of this proposal will impose significant workload on Student Administration. They already have the responsibility of instigating the many administrative changes brought about by the Higher Education Reforms. In view of this, the ASFWG have sought to receive advice on the proposal from Student Administration during 2005, for consideration and possible implementation in 2006 at the earliest.

SECTION 2: PROPOSED ARRANGEMENTS FOR 2005

2.1 Fee for 2005

Based on the issues outlined earlier in the paper, the ASF Working Group proposes that:

- the Amenities and Services fee should be set at **\$392** for a full-time student at a principal campus and proposed fee levels for other categories of students be as set out in **Attachment A**. A \$10 increase to \$392 is slightly less than a CPI increase, which in recent years has always been applied, and will result in reduced income of over \$13,000 to the fund compared with 2004.
- on the basis of advice from Financial Operations and Student Administration, with a per EFTSL fee of \$392, the projected income available for distribution in 2005 is expected to be:

2005 fee income	\$12,281,539
Plus estimated carry forward	\$546,287
Plus estimated interest	\$176,000
* Less contingency fund	\$250,000
** Less provision for ILFR contingency	\$70,000

Net Funds Available **\$12,683,826**

* On advice from Financial Operations it was agreed that the contingency fund be increased by \$50,000 from its 2004 level of \$200,000, particularly in the context of a changed model of ASF and the impending variation in the fund level.

** The provision for the ILFR contingency is outlined in Section 1.8.2 of this paper.



15% of funds available for distribution to UMPA, MUSUL and MUS should be allocated for capital expenditure.

SECTION 3: RECOMMENDATIONS

It is recommended that:

1. Amenities and Services Fees for 2005 be charged as shown in **Attachment A**.
 2. Subject to the provision of satisfactory budgetary documentation by UMPA, MUSUL and MUS, allocations are made from the Amenities and Services Fund for 2005 in accordance with the schedule in **Attachment B**.
 3. Allocation is to be made to the ILFR campuses in accordance with **Attachment B**. Any subsequent recommended adjustment to this allocation arising from the review outlined in 1.8.1 above, or from other review processes resulting in a change to the campus structure, is to be progressed to Administrative Committee.
4. The Vice-Principal and Academic Registrar be authorised to:
- implement the allocation of funds as outlined above;
 - finalise the funding agreements to be made with UMPA and MUSUL, subject to the submission of satisfactory budget and other financial documentation, which will enable the University to meet its statutory obligations under the Tertiary Education Act; and
 - approve variations of expenditure at the request of a student organisation, during the course of the year, provided these requests conform with requirements for expenditure under the Tertiary Education Act.

Jenny Stephens
Acting Vice-Principal and Academic Registrar

2005 AMENITIES AND SERVICES FEES

FULL YEAR ENROLMENT

(No GST is charged on ASF)

	Full Time Fee
Principal Campus	\$392 (\$382)
Outstation	\$236 (\$229)
External	\$78 (\$76)

Notes:

1. 2004 fee is in brackets
2. Principal campuses include Parkville Greater Campus and ILFR campuses.
3. The part time fee and summer fee shown in previous years will no longer apply as students' fees will now be calculated according to load.
4. The ASF will be capped at \$392.
5. The ASF will be calculated by semester but charged yearly. Students enrolling for one semester will pay according to their one semester load.