



## 11.10 The University of Newcastle

### Summary of Impact

In a summary, the impact of VSU at The University of Newcastle (**UoN**) is assessed as moderate to severe overall, with impacts on the individual campus services organisations assessed as follows:

- mild for Newcastle University Sport (**NUsport**) in terms of maintaining a revenue stream of the order of \$4.5 million in spite of losing the 37 per cent of

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its income which came from the pre-VSU compulsory amenities and services fees (ASF). This mild impact was only achieved with the assistance of \$2.6 million from the VSU Transition Fund to reduce a previous capital debt, by reducing staff numbers and hours and by postponing or reducing the scale of planned capital improvements;

- moderate to severe for UoN Services Limited (formerly University of Newcastle Union Ltd [UNU]) with a 55 per cent reduction in staff, a 90 per cent reduction in membership income and a significant reduction in the range and quality of services provided;
- moderate to severe for Campus Central at the Ourimbah Campus with a 66 per cent reduction in full-time staff and partial replacement with casual staff, a 40 per cent reduction in operating revenue and a significant reduction in the range and quality of services provided; and
- severe for the Newcastle University Student Association (NUSA) with a 40 per cent reduction in staff numbers combined with reductions in hours, a 90 per cent reduction in membership income and a significant reduction in the range and quality of services provided.

### Overview of the Campus Services Organisations at The University of Newcastle

UoN became an autonomous institution in 1965. It now has some 26,000 students (16,193 EFTSL), including 3,500 international students from more than 80 countries studying both on and off shore, and over 2,000 full-time staff.

Its Australian teaching campuses are located in Newcastle, at Callaghan (13,794 EFTSL) and the CBD (470 EFTSL), and at two multi-sector campuses: one offering University, TAFE and Community College programs and courses, on the Central Coast, at Ourimbah (1,830 EFTSL); and one offering University and TAFE programs at Port Macquarie (40 EFTSL).<sup>212</sup>

In 2000/2001 UoN conducted a major review and reorganisation of sport. Later, with the VSU legislation looking certain to be introduced, it raised the possibility of all of the campus service organisations becoming controlled entities of the University. The various UoN campus services organisations responded to this offer as follows:<sup>213</sup>

- UNU agreed to become a controlled entity of UoN and was absorbed by UoN Services Limited, a new entity formed for that purpose, with operations commencing on 1 April 2007;<sup>214</sup>

<sup>212</sup> As at 18 February 2008 further background concerning The University of Newcastle could be obtained from the UoN web site at:

<http://www.newcastle.edu.au>

<sup>213</sup> As at 18 February 2008 further background concerning the various campus services organisations at The University of Newcastle could be obtained from the UoN web site at:

<http://www.newcastle.edu.au/currentstudents/studentorganisationsinformation.html>

<sup>214</sup> As at 18 February 2008 further background concerning UoN Services Ltd could be obtained from the UoN Services web site at:

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- NUSport remained a company limited by guarantee and independent of UoN;<sup>215</sup>
- NUSA remained an incorporated association and independent of UoN;<sup>216</sup> and
- Campus Central remained a company limited by guarantee and independent of UoN.<sup>217</sup>

### Overview of Impact on Amenities Fees and Subsequent Support Measures

Total income from compulsory amenities and services fees across all UoN campuses in 2005 was reported to be approximately \$5.2 million.

Following the introduction of VSU:

- NUSport continued to offer a range of membership options to students, staff and members of the local community with students being eligible for membership savings of up to 30 per cent. It continued its efforts to market its services to the wider community and is planning further capital improvements. It reduced staff numbers and hours and discontinued direct financial support for sporting clubs;
- UoN Services Ltd scaled back its operations considerably and continued to operate on a membership model, charging approximately \$120 per annum and attracting about 7.5 per cent of the student population. (Because of the low take up rate in 2007 it is planned to reduce the membership fee to \$20 in 2008.) It reviewed its prices and brought them into line with local commercial outlets where possible, restructured and reduced its staff, lost ownership of its buildings and reduced the floor space it occupied, discontinued or reduced support for clubs and societies, scaled back its entertainment at functions, and sought commercial tenancies where possible. In 2007 it received from the University \$1.1 million towards its operational budget but the University expects it to be self sufficient in 2008;
- Campus Central continued with a single membership category at \$110 per annum and has attracted about 6 per cent of the student population. It restructured and reduced its staff, discontinued support for clubs and societies, scaled back its entertainment at functions and sold one building to the

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<http://www.unu.org.au>

<sup>215</sup> As at 18 February 2008 further background concerning NUSport could be obtained from the NUSport web site at:

[http://www.theforum.org.au/templates/forum\\_splash.aspx?pageID=1860](http://www.theforum.org.au/templates/forum_splash.aspx?pageID=1860)

<sup>216</sup> As at 18 February 2008 further background concerning NUSA could be obtained from the NUSA web site at:

<http://www.nusa.org.au>

<sup>217</sup> As at 18 February 2008 further background concerning Campus Central at UoN could be obtained from the Campus Central web site at:

<http://www.campuscentral.com.au>

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University for \$750,000 to provide capital for future improvements. It also negotiated a Service Level Agreement with the University which currently accounts for some 17 per cent of its income; and

- NUSA continued with a single membership category at \$19 per semester and has attracted about 10 per cent of the student population. It restructured and reduced its staff, cut back on its services and is presently in the process of reorganisation. It has some cash reserves but is considering using these for operating expenses. Under an agreement with the University it will receive funding assistance over three years of \$300,000, \$100,000 and \$100,000.

### Detailed Impact on NUsport

NUsport was formed as a Company Ltd by Guarantee in 2002. It has benefited from a massive reorganisation of sport carried out in 2000/2001 when the old UoN Sport and Aquatic Centre Ltd, a controlled entity of the UoN, was wound up and NUsport took over the \$16 million Forum Sports and Aquatic centre which had been built in 1998 with \$10 million from compulsory amenities and services fees and a \$5 million loan from UoN. In doing so NUsport received a 21 year lease and inherited the remaining debt.

NUsport later rejected the recommendations of a review taskforce that all campus services organisations integrate and come under the control of the University and opted to proceed with its present structure. Its management anticipated the introduction of VSU and borrowed money to improve on the existing infrastructure and establish the Forum Sports and Aquatic Centre in its present form. In addition, in 2004, it opened a second facility in the Newcastle CBD with a 95 year lease, thus gaining some economies of scale.

As a result of these initiatives approximately one million people use NUsport's facilities each year and in 2006 it had 10,000 memberships.

In March 2007 NUsport was named Newcastle City Council Sporting Organisation of the Year at the 2006 Newcastle City Council Sports Awards.<sup>218</sup>

There are not many local sporting facilities in Newcastle which compete with NUsport. Even given this lack of strong competition NUsport suffers from quiet periods during the University breaks.

Its main facilities include:

- Forum Sport and Aquatic Centre – (10,000m<sup>2</sup> centre 10 years old);
- 50m, 8 lane, heated indoor pool with seating for 500 spectators;
- two sports courts of 700m<sup>2</sup> with seating for 220 spectators;

<sup>218</sup> As at 18 February 2008 further details of NUsport's recipiency of the Newcastle City Council's Sporting Organisation of the Year Award could be obtained from the UoN web site at:

<http://www.newcastle.edu.au/news/2007/03/nusportsportingorganisationoftheyear.html>

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- climbing wall 18.5 metres high;
- two aerobic studios each of 352m<sup>2</sup>;
- high performance training area;
- café and common areas;
- physiotherapy rooms (leased out);
- private training studio of 120m<sup>2</sup>;
- five playing fields totalling (11 hectares - leased);
- squash pavilion with five courts approximately (700m<sup>2</sup>);
- eight tennis courts with lights and a pavilion (approximately 700m<sup>2</sup>);
- rowing pavilion on the Hunter River (approximately 400m<sup>2</sup>); and
- Forum Health and Wellness Centre, Harbourside (2,000m<sup>2</sup> - leased) containing gymnasium, group fitness space and crèche.

The main negative impacts of VSU have been:

- loss of \$1.8 million per annum from the ASF (previously quarantined for capital projects). A loan of \$1.1 million entered into in good faith before VSU remains in place;
- reduction of staff, including in the Elite Athlete programme;
- students used to comprise 50 per cent of membership, now 30 per cent;
- staff/alumni used to comprise 20 per cent of membership, now 15 per cent;
- almost no financial support for sports clubs resulting in a number of them ceasing to exist;
- marketing and communications to students downgraded;
- external maintenance of buildings not to the same standard;
- no longer pay for student accident insurance;
- plans for a 25 metre pool which had gone to design approval stage, were stopped;
- borrowed only \$500,000 for the Forum CBD, reduced the scale of the project with a consequent impact on its commercial performance;
- capital programme halted, while costs continue to increase;
- upgrading of some facilities halted;
- \$760,000 needed now for the pool plant and basketball floors; and
- tennis courts are 30 years old (facing a refurbish or close decision);

The main positive impacts of VSU have been:

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- management were forced to review its strategy and decided on one of expansion;
- concentrated on core products and services;
- transition funds were of assistance;
- increased involvement with the local community; and
- fostered closer relations with the University hierarchy;

Considerations for the Future:

- 2007 Budget forecasts a small surplus with no contribution to the sinking fund;
- capital needed for upgrading and maintenance if the financial performance is to be improved; and
- relations with the UoN are considered to be good, particularly at the senior executive level.

### Detailed Impact on UoN Services Ltd

UoN Services grew from a student controlled company limited by guarantee to a controlled entity of the University of Newcastle on 1 April 2007. In the process the University took over all assets without financial compensation for loss of equitable rights and required it to vacate previously occupied floor space. However, the UoN is now a tenant with a 20 + 20 year lease on a peppercorn rental<sup>219</sup> and received \$1.1 million from the University for operating funds in 2007 with the expectation that it would be self sufficient in 2008.

Its main facilities include:

- Shortland Building (2,800m<sup>2</sup> floor space of which 400m<sup>2</sup> is occupied by the University and 250m<sup>2</sup> of grounds);
- Bar on the Hill (1,100m<sup>2</sup> floor space, 1,000m<sup>2</sup> grounds);
- Hunter Cafeteria (575m<sup>2</sup> floor space, grounds/courtyard 400m<sup>2</sup>);
- University Club (450m<sup>2</sup> floor space, grounds/courtyard 200m<sup>2</sup>);
- University House (Cafeteria) (400m<sup>2</sup> floor space);
- Watt Space Art Gallery (700m<sup>2</sup> floor space); and
- External Coffee Cart (30m<sup>2</sup> ground space);

The main negative impacts of VSU have been:

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<sup>219</sup> A 'peppercorn rent' is a very small payment, used to satisfy the requirements for the creation of a legal contract.

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- staff reduced from a total of 240 in 2004 to 115 in 2007;
- students lost the use of two free computer laboratories with a total of 50 PCs and 30 student employees;
- loss of student contact, help and referral services;
- loss of direct and indirect funding of clubs and societies (this has resulted in less activity on campus, less involvement, less business);
- loss of or scaling down of special activities such as big bands which previously attracted large numbers (about 30 per cent of those attending were from the local community);
- Orientation Week activities reduced;
- Open day participation reduced;
- cultural events reduced;
- loss of debating clubs;
- loss of extra curricular socials;
- loss of secondary leadership programs;
- cleaning outsourced;
- loss of a sense of community;
- help desk closed;
- student magazine ceased; and
- meeting rooms for groups no longer subsidised.

The main positive impacts of VSU have been:

- it forced the organisation to conduct a critical review of its operations;
- it removed the waste previously not identified in areas such as organisational structure, staff rostering, policies and procedures and buying;
- it removed previous inefficiencies accompanying student control such as:
  - no focus on return for capital invested,
  - achieving efficiencies instead of spending more money to solve problems,
  - inefficient rostering, and
  - lack of provision for the future (a "live for the present" approach); and
- UoN Services have developed a closer relationship with the University.

Considerations for the future:

- staff morale is very low due to the reduction in numbers, longer working hours and uncertainty about their future employment;

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- the services provided by UoN Services cannot be readily accessed by other than students and staff due to the physical location of the campus, and students are spending less time on campus;
- efforts are being made to find commercial tenants, however this is not proving to be easy;
- uncertainty about any future funding from the University means existing staffing and services are under review; and
- relations with the UoN are considered to be good.

### Detailed Impact on Campus Central

At the UoN Ourimbah Campus, the old Central Coast Campus Union (CCCU) was formed in 1989 when a group of students was concerned that the compulsory ASF automatically went to the student bodies at the UoN campus in Newcastle at Callaghan. In 1993 UoN agreed CCCU was to be recognised and that its members were entitled to their share of the ASF. CCCU subsequently changed its trading name to Campus Central and became a company limited by guarantee in 2001.

In the last five years Campus Central has invested more than \$2 million in capital works including the University Hub Building (which the University purchased from Campus Central in 2006), doubled the size of the Lakes Café Complex, converted its old office into a retail shop, built Café Express at the Lecture Theatres and completed numerous other small projects.

Currently the UoN has about 2,500 students enrolled at the Ourimbah Campus, with approximately another 3,000 enrolments in TAFE programmes. The University plans to expand this up to 4,000 full-time students by the end of the decade.

Its main facilities include:

- main cafeteria and office (1,450m<sup>2</sup>);
- shop (235m<sup>2</sup>);
- kiosk (35m<sup>2</sup>);
- Café East (170m<sup>2</sup>); and
- multi-purpose court for tennis and basketball (1,500m<sup>2</sup>).

The main negative impacts of VSU have been:

- staff reduced from a total of 37 in 2005 to 28 in 2007;
- student membership fell to around 6 per cent of the student population resulting in a drop in first semester income from \$510,800 in 2006 to \$19,200 in 2007;
- a reduction in services;

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- funding for clubs ceased (\$7,000 in 2005);
- activities and social programmes have reduced in size and number;
- equipment hire service has ceased;
- information publications, including the student newspaper, are now only electronic;
- loss of meeting rooms;
- Orientation Week is more commercial with no giveaways;
- Union Nights and other functions now only provided by external groups; and
- loss of sense of community and engagement.

The main positive impacts of VSU have been:

- reduction in wastage; and
- funds are applied more efficiently and equitably.

Considerations for the future:

- key services will be maintained with some assistance from the University;
- Campus Central hopes to grow in concert with the Ourimbah campus; and
- relations with UoN are considered to be good.

### Detailed Impact on NUSA

NUSA is the undergraduate student representative body on campus and it is the only undergraduate organisation on campus which is solely student controlled and focused. Its Council, NUSAC, is elected annually by and from the student body.

NUSA provides student representation on campus, and state and national representation through the National Union of Students. It elected to remain an independent organisation when VSU was introduced but is receiving transitional funding from the University of \$300,000 for 2007, and \$100,000 for each of the two following years with no indication on what will occur after that. It has had a drop in membership fees from around \$740,000 in 2005, to \$312,000 in 2006 and \$30,000 in 2007.

NUSA has few tangible assets (around \$30,000) and approximately \$1 million invested but believes it may have to drawdown on that money to pay operating expenses. Morale among the remaining staff is low as they struggle to maintain standards, attract new members, provide services they believe to be essential, and look for new ways of earning income.

Its main facilities/services include:

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- UoN owned building of approximately 2,000m<sup>2</sup>;
- membership at \$19 per semester or \$38 per annum;
- advocacy;
- representation;
- collectives;
- grievances;
- limited support for clubs and societies;
- a number of free functions (barbeques, etc);
- cost price bus tickets;
- cost price daily parking tickets;
- various special spaces;
- international office;
- free safe sex advice;
- Justice of the Peace service;
- free recycled paper lecture pad;
- tax help;
- free kitchen facilities;
- information (bus and train timetables, campus maps);
- free sunscreen and insect repellent;
- baby change facilities; and
- free publications.

The main negative impacts of VSU have been:

- staff reduced from five to three on reduced hours;
- staff morale adversely affected;
- reduction in available funds;
- reduction in services;
- reduction in membership to approximately 10 per cent of the student population; and
- loss of sense of community and involvement.

The main positive impacts of VSU have been:

- relations with UoN have improved; and

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- UoN hierarchy supportive and helpful with funding.

Considerations for the future:

- uncertainty about funding and the possibility of using reserves for operating funds;
- search for additional income streams (first aid courses and seminars for faculties);
- relations with UoN Services are good but there is confusion about names (UoN Services are referred to as “The U”) and there is a crossover of services, particularly in the catering area; and
- relations with UoN are good.