

11.16 University of Western Sydney

Summary of Impact

In summary the impact of VSU at University of Western Sydney (**UWS**) is assessed as mild to moderate overall with impacts on the individual campus services organisations assessed as follows:

- mild for the student union and sports body (**UWS Connect**) with a 20 per cent reduction in full-time staff and a 30 per cent reduction in gross income after cost of goods sold;
- severe for the UWS Student Association (**UWSSA**) with a 70 per cent reduction in full-time staff, an 80 per cent reduction in gross income and with the cash and cash equivalent position falling from \$4.2 million at end 2005 to \$0.75 million by mid 2007; and
- mild for the postgraduate student association (**PAUWS**) with no reduction in full-time staff but with a 30 per cent reduction in gross income.

A positive note in the case of UWS is the amount of capital still planned for new campus services infrastructure following introduction of VSU – there being some \$26 million on the forward capital plan in total for campus services.

Some \$16 million in forward capital expenditure has been committed for a new sports precinct at the Penrith campus and a new campus services “Hub” at the Parramatta campus, with an additional \$10 million on the university’s capital plan (although not committed as yet) for a new student services building at the Penrith campus and a new gymnasium at the Parramatta campus.

Some \$4 million of the committed funding for the new sports precinct at the Penrith campus comes from the VSU Transition Fund (Round 1).

Overview of the Campus Services Organisations at UWS

UWS is an urban “new generation” public university established in 1989. It now has some 36,000 students and 2,500 staff and operates over six teaching campuses in Greater Western Sydney. The teaching campuses are located at Bankstown, Blacktown, Campbelltown, Hawkesbury, Parramatta, and Penrith.

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Total EFTSL at UWS in 2005 was 24,035 with net assets per EFTSL in that year of some \$28,000.²³¹

Over the course of 2003 and 2004 and for reasons not connected with VSU all campus services organisations at UWS were restructured.

As a result of the 2003 and 2004 restructure all student union and sporting services across the six UWS teaching campuses were consolidated into a new entity known as UWS Connect. All SRC services were consolidated into a new incorporated entity UWSSA. A new legal entity PAUWS was incorporated to take over the role of the previously unincorporated multi-campus postgraduate student association.

The UWS campus services organisations coming out of the 2003 and 2004 restructure remain in place today.

Overview of Impact on Amenities Fees and Subsequent Support Measures

Total income from compulsory amenities and services fees across all UWS campuses in 2005 was approximately \$8 million (based on an annual fee of \$364.00 GST-free per full-time student).

Following the introduction of VSU:

- UWS Connect ceased operating under a membership model;
- UWSSA continued to operate under a fee based membership model with annual membership priced at \$60.00 GST inclusive per full-time student for academic year 2007; and
- PAUWS continued to operate under a membership model but the membership was offered to students free of charge.

For academic year 2007 approximately 1 per cent of undergraduate students at UWS elected to become paid up members of UWSSA and approximately 5 per cent of postgraduate students elected to take up the free membership of PAUWS.

To assist with the transition to VSU grants totaling some \$2.3 million were provided by UWS to the three campus services organisations in 2007.

In addition, UWS forgave repayment of a \$600,000 loan to UWS Connect which had originally been provided to a precursor organisation to UWS Connect for purposes of construction of some sporting facilities at the UWS Campbelltown campus.

²³¹ As at 18 February 2008 further background concerning the University Western Sydney could be obtained from the UWS web site at:

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

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The pre and post-VSU membership and grants income figures for the campus services organisations at UWS are shown below in Table 11.16.1.

As can be seen from the Table 11.16.1 below the UWS campus services organisations membership and grants income dropped from \$8 million in 2005 to some \$2.3 million in 2007 – a drop in income from these sources of some \$5.7 million.

Table 11.16.1
Approximate Membership & Grants Income
UWS Campus Services Organisations 2005 & 2007

Organisation	2005 ASF	2007 M'Ship	2007 Grants	2007 Total
	\$000s	\$000s	\$000s	\$000s
UWS Connect	4,900	0	1,600	1,600
UWSSA	2,400	15	450	465
PAUWS	700	0	250	250
Total	8,000	15	2,300	2,315

Detailed Impact on UWS Connect

UWS Connect is a company limited by guarantee and is a wholly owned subsidiary of UWS. There are nine directors on the UWS Connect Board, three of whom are students. All nine directors are appointed by UWS.

For purposes of its governance and oversight of UWS Connect, UWS is a “Protocol 10” compliant organisation²³². The six non-student directors on the UWS Connect Board as at 2007 are all from outside of the university and between them have a broad range of experience covering legal, retailing, the not-for-profit sector and government.

UWS Connect was, prior to introduction of VSU, a company with an annual turnover of some \$12.5 million, with some 64 full-time and 220 casual employees and with management responsibility for some 14,600m² of gross floor area of which roughly 6,000m² was sport related.

The estimated average age of the 8,600m² of non sport related UWS Connect floor space is 25 years with estimated written down value of this floor space of some \$7.7 million computed as $((8,600 * 2,400) * (40 - 25) / 40)$.

Estimated written down value of the UWS Connect sport related infrastructure is some \$18.8 million as computed in Table 11.16.2 below.

²³² “Protocol 10” is one of the national governance protocols for higher education providers and is listed under section 33-15(1)(a) of the *Higher Education Support Act 2003*.

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Total estimated written down value of campus services infrastructure managed by UWS Connect is some \$26.5 million.

As noted above in Table 11.16.1 above, UWS Connect suffered a drop in amenities and services fees income of some \$4.9 million between 2005 and 2007. To cover this \$4.9 million shortfall and still achieve a balanced budget outcome for 2007 UWS Connect increased its income from commercial operations by some \$0.7 million, from grants by some \$1.6 million and reduced expenses by some \$2.6 million as shown in Table 11.16.3 below.

In effect, the 2007 grant from UWS of some \$1.6 million permitted UWS Connect to budget for a break even outcome for the 2007 year. UWS Connect believes grant monies of this type will be provided by UWS in future years but the size of the grants in future years and the number of years for which these grants will be provided remains under discussion with UWS.

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Table 11.16.2
Replacement Value of Existing Sport Capital Infrastructure at UWS

Campus	Infrastructure	~ Age Years	~ Value \$ millions
Parramatta	0.5 hectares of playing fields	n/a	0.25
	2 tennis courts	n/a	0.16
	2 basketball courts	n/a	0.16
Total Parramatta			0.57
Campbelltown	8.0 hectares of playing fields	n/a	4.00
	2 tennis courts	n/a	0.16
	1 basketball court - outdoor	n/a	0.08
	900 m ² gymnasium	7	1.78
Total Campbelltown			6.02
Bankstown	7.0 hectares of playing fields	n/a	3.50
	4 tennis courts	n/a	0.32
	2 cricket practice nets	n/a	0.02
	500 m ² sports ground club rooms	15	0.38
	1,200 m ² multi-purpose sports hall	15	0.90
	Total Bankstown		
Penrith	2.0 hectares of playing fields	n/a	1.00
	2.0 hectare hockey ground	n/a	1.00
	100 m ² hockey centre club rooms	10	0.09
	2 tennis courts	n/a	0.16
	1 beach volleyball court	n/a	0.08
	500 m ² gymnasium	25	0.45
Total Penrith			2.78
Blacktown	1 outdoor unheated 50m 8 lane pool	20	1.90
	2 tennis courts	n/a	0.16
	1 beach volleyball court	n/a	0.08
	50 m ² demountable gymnasium	4	0.11
Total Blacktown			4.15
Hawkesbury	7.0 hectares of playing fields	n/a	3.50
	1 outdoor unheated 50m 6 lane pool	50	0.00
	200 m ² pool change rooms	50	0.00
	2 tennis courts	n/a	0.16
	750 m ² multi-purpose sports hall	50	0.00
	1,800 m ² gymnasium	17	2.48
Total Hawkesbury			6.14
Total Sport (\$m)			18.76

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Table 11.16.3

UWS Connect - Selected Approximate Financial Accounts 2005 & 2007

	2005	2007 ²³³	Δ
	\$000s	\$000s	\$000s
Income			
ASF	4,900	0	(4,900)
UWS Grant	0	1,600	1,600
Sales income after COGS	4,400	5,100	700
Total Income	9,300	6,700	(2,600)
Less Expenses	9,300	6,700	(2,600)
Profit/(Loss)	0	0	0
Net Assets	1,500	2,000	500
Cash and cash equivalents	1,000	1,000	0

UWS Connect achieved the \$2.6 million annual reduction in expenses between the 2005 and 2007 years mostly through a combination of staff redundancies or voluntary departures as shown below in Table 11.16.4 and also by way of closure or restructure of services.

Table 11.16.4

Changes in Staff Levels at UWS Connect between 2005 & 2007

Point in Time	Full-time	Part-time	Casual	Total
March 2005	63	3	220	285
July 2007	49	2	170	221
Δ in Staff Count	(13)	(1)	(50)	(64)

Services closed or reduced by UWS Connect following introduction of VSU included:

- closure of various of the social sport programmes including those for:
 - tennis,
 - soccer,
 - indoor soccer,
 - volleyball,
 - cricket,

²³³ UWS Connect 2007 figures shown are budgeted not actual. It is noted that UWS Connect is performing on budget as at July 2007.

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- Oz tag, and
- Friday night games;
- closure of various of the on-campus regular social activities including:
 - activities/gala day, and
 - movie nights;
- reduced annual funding for inter-university sport (from \$141,000 to \$16,000);
- discontinuance of the UWS yearly planner calendars previously provided free of charge to students;
- reduced annual direct funding for sporting clubs along with increased charges to the clubs for use of on-campus facilities; and
- reduced opening hours for certain campus services centres.

Not all of the above services closed or reduced by UWS Connect were closed as a direct result of VSU. For example some time prior to passage of the VSU legislation in December 2005, UWS Connect management concluded that many of the social sport programmes were relatively expensive to run when compared to the number of students who benefited from the programmes.

Over the course of 2005 and 2006 UWS Connect also closed four of the six on-campus bars. Some of the bars had been underperforming financially prior to introduction of VSU. UWS Connect advises that some of the bars which were closed over this period would likely have been closed in any event.

Certain services which were retained by UWS Connect following introduction of VSU received increased funding and support. For example, UWS Connect support for Orientation Week in 2007 was increased relative to the support provided in 2005 in the following ways:

- free BBQ servings increased from 2,000 to 13,000;
- free cans of drink given out increased from nil to 20,000;
- free fairy floss and related serves increased from 2,000 to 5,500;
- free temporary tattoos applied increased from nil to 1,400;
- free photos taken increased from 500 to 3,000;
- number of free entertainment events increased from 40 to 170;
- hours of free live entertainment increased from 40 to 115; and
- a new free of charge B&S Ball was held (with 550 attendees).

UWS Connect also maintained strong promotion of and support for the UWS Health Awareness Week and the major social events in the UWS Calendar (such as the Harbour Cruise, the University Ball and the National Band Competition) following the introduction of VSU. The strength of this support is measured by student

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attendance figures for these events – all of which are up when comparing 2007 to 2005.

UWS Connect did not maintain strong financial support for inter-university sport. As noted above, direct funding for inter-university sport by UWS Connect dropped from some \$141,000 in 2005 to a budgeted figure of some \$16,000 in 2007. Attendance by UWS students at inter-university sport went from 364 in total in 2005 to an estimated 200 in total in 2007.

UWS Connect consider the reason for the drop off in attendance at inter-university sport in 2007 when compared to 2005 had more to do with the perceived lack of appeal of the AUS East Coast Challenge to UWS students than it had to do with the increased cost (after subsidy) of attendance at the games in 2007.

The increased UWS Connect sales income of some \$0.7 million between the 2005 and 2007 years was achieved for the most part by a combination of increases in prices charged for services provided to students and increased focus on delivery of commercial services to the wider community (for example, commercial gymnasium memberships).

Table 11.16.5

Changes in Prices for Gym and Pool Usage at UWS Connect between 2005 & 2007

Sporting Service	2005	2007	Δ	Sales Response
	\$	\$	%	
Gymnasium memberships ²³⁴	222.00	400.00	80	Memberships increased by 12% and gross income increased by 46%
Pool entry ²³⁵ fee per visit	1.00	4.00	300	Patronage figures not available but gross income across all pools increased by 34%

Overall UWS Connect increased prices for sporting services by significant margins between 2005 and 2007. Gross sales income increased as a result of this hike in prices. UWS Connect price increases between 2005 and 2007 for gymnasium

²³⁴ Gymnasium prices quoted are average membership price per student per annum across all gymnasiums operated by UWS Connect. Note that the average is not weighted by number of student members at each gymnasium.

²³⁵ Pool entry prices quoted are the average of the prices for each visit to the UWS Connect Blacktown campus pool and the UWS Connect Hawkesbury campus pool. For example, the 2005 prices per visit were \$2.00 for the Blacktown campus pool and free for the Hawkesbury campus pool so the 2005 average price per visit was computed as \$1.00 from (2 + 0)/2.

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memberships and usage of swimming pools are provided below by way of example in Table 11.16.5, along with gross income figures for each of those years.

It cannot necessarily be concluded from the Table 11.16.5 figures that students and wider community users of sporting services at UWS are indifferent to price increases in circumstances where there is no increased standard of service. For example between 2005 and 2007 the UWS Connect Penrith campus gymnasium and the Blacktown campus swimming pool were both subject to major capital upgrade or improvement, so although students were paying more they were getting more for these particular facilities.

What can be concluded from the circumstances that apply at UWS is that the particular combination of increasing price (by substantial margins in some cases) for sporting services and judicious if not somewhat modest on-going capital investment in the sporting services infrastructure (thus far), worked well for UWS Connect from a financial perspective.

Table 11.16.6

Changes in Prices for Food and Beverage at UWS Connect between 2005 & 2007

Food & Beverage Item	2005	2007	Δ	Impact on Sales & Income
	\$	\$	%	
Cappuccino	2.25	2.80	22	See total below.
Hot meal of standard size	4.50	6.50	44	See total below.
Sausage roll	2.75	2.95	7	See total below.
Coke (std size)	1.60	2.70	69	See total below.
Water (std size)	2.00	2.00	0	See total below.
Overall Impact				Annual food and beverage sales fell by 2% but gross income after COGS rose marginally.

Overall UWS Connect increased prices for certain key lines in food and beverage services by substantial margins, following the introduction of VSU. Key lines in retail were also moved up in price by substantial margins. Tables 11.16.6 above and 11.16.7 below provide examples of some of these price moves, along with overall outcomes for sales income.

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Over the period 2005 through 2007 UWS Connect made capital improvements or other major upgrades to its food and beverage outlets as follows:

- Bankstown coffee shop and cafeteria upgrade;
- Hawkesbury campus kitchen upgrade;
- Parramatta campus coffee shop renovations;
- Penrith campus bar and bistro upgrade; and
- Campbelltown student cafeteria upgrade.

Notwithstanding the capital improvements and renovations to the UWS Connect food and beverage outlets over the relevant period, the fact that food and beverage annual sales fell would appear to indicate that UWS Connect has further work to do on its food and beverage business model.

Table 11.16.7

Changes in Prices for Some Retail Lines at UWS Connect between 2005 & 2007

Retail Item	2005	2007	Δ	Impact on Sales & Income
	\$	\$	%	
Pen (std)	2.35	2.70	15	See total below.
Writing pad	1.20	1.95	63	See total below.
Lever arch folder	2.75	2.95	7	See total below.
Coke (std size)	1.60	2.70	69	See total below.
Casio Calculator	29.95	30.00	0	See total below.
Overall Impact				Annual retail sales rose by 32% and gross income after COGS also rose.

There is some evidence the students at UWS have been underwhelmed by the price increases in some of the key food and beverage lines at UWS Connect over the past few years. At page 14 of the UWS Students Association Student Diary 2007 (distributed free of charge to all UWS students) it states:

“.. After class, if you try to revive your frazzled spirit with a meal and coffee, you’ll find that UWS Connect is horrendously overpriced and <expletive deleted>.”

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UWS Connect fared somewhat better in its retail outlets in terms of the sales impact of the price hikes following introduction of VSU.

Over the period 2005 through 2007 UWS Connect opened new retail shops at both the Parramatta and Campbelltown campuses. These new shops contributed to much of the 32 per cent increase in total annual retail sales experienced over this period.

At the time the VSU legislation was passed into law in December 2005 UWS Connect had a viable five year forward capital development programme which involved \$10 million in new capital investment in campus services in total. This plan was abandoned when VSU was introduced.

Table 11.16.8

UWS Forward Capital Development Plan for Campus Services 2008 - 2010

Capital Item	Amount \$ millions	Approval Status
New sports precinct - Penrith Campus	4.05	Approved funding from the federal government's VSU Transition Fund Round 1
	4.05	Approved matched funding dollar for dollar from UWS re VSU Transition Fund
New services "Hub" – Parramatta campus	8.00	UWS Council approval in principle.
Total committed	16.10	
New gymnasium – Parramatta campus	5.00	On the UWS capital plan.
New student services building – Penrith campus	4.50	On the UWS capital plan.
Total planned but not committed	9.50	
Total planned capital development	25.60	

UWS Connect then entered into discussions with UWS about forward capital works for campus services with the result that UWS agreed that going forward the university would finance the major capital works for campus services at UWS but that this new infrastructure would be managed by UWS Connect.

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The original UWS Connect five year forward capital development plan has now been replaced by a new UWS funded forward capital development plan for campus services which provides for developments as shown below in Table 11.16.8 above over the course of the next three years.

The forward capital development plan for campus services at UWS will, if fully realised, roughly double the value of the university's campus services infrastructure.

In summary, UWS Connect has restructured itself to operate effectively in a VSU environment. Provided on-going support from UWS is received in the form of the annual grant of some \$1.6 million there is a demonstrably viable business model.

The effective governance structure and the value added skill set on the current Board lend further confidence to the outlook for campus services delivery by UWS Connect.

Detailed Impact on the UWS Student Association

UWSSA has 19 elected students on its governing board. As at the end of 2005 the association had gross annual income of some \$2.5 million, some 21 full-time employees and cash or cash equivalents of \$4.2 million. In 2005 the association provided a wide range of services typical of SRCs to students at UWS.

Since the time of the formation of UWSSA in 2004 there have been periodical difficulties in the relationship between it and UWS.

In 2003 UWS had received an external audit of the predecessor student associations to UWSSA which found the associations had problems with financial management, governance and elections amongst other things.

After this adverse audit finding on the student associations UWS formed UWS Connect for purposes of delivering many areas of campus services which until then had been delivered by the student associations. UWSSA resisted these developments.

The difficulties in the relationship between UWSSA and UWS came to a head in 2004 when there was a dispute between over who owned five of the buildings at the university²³⁶. UWSSA asserted these buildings had been purchased by the predecessor student associations to UWSSA. UWS asserted it owned the buildings.

Subsequent to the 2004 buildings dispute there have been further difficulties in the relationship. As recently as 25 July 2007 the UWS Board of Trustees appeared to express reservations about UWSSA's capacity to administer funds and provide services to students in an effective and efficient manner.²³⁷

²³⁶ *The Australian* (2004), article entitled *Students take building fight to court* which appeared in the Higher Education Supplement of the newspaper on 22 September 2004.

²³⁷ UWS Board of Trustees meeting held 25 July 2007 – minute concerning the UWSSA Presentation.

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The earlier quote from the UWSSA produced 2007 student diary about the UWS Connect catering services should perhaps be viewed in the context of the tensions which have existed over recent years between these two organisations.

Following the introduction of VSU, UWS provided an annual grant of \$450,000 to replace in part the loss of some \$2.4 million which was previously provided to UWSSA out of the compulsory amenities and services fees. UWSSA gross income went from some \$2.5 million in 2005 to some \$0.5 million in 2007 (budgeted) – a drop of some 80 per cent.

UWSSA full-time staff numbers have between 2005 and 2007 fallen from 21 to 6. The cash and cash equivalents position of UWSSA has fallen from some \$4.2 million as at the end of 2005 to some \$0.75 million as at July 2007.

Following the introduction of VSU, there have been the following changes to the delivery of services to students by UWSSA:

- shuttle bus services to and from stations to campuses have all been terminated;
- emergency loans to students reduced from \$300 per loan to \$200 per loan and number of loans has been reduced by 80 per cent;
- funding for political rallies terminated;
- student newspaper *The Western Onion* has been reduced from fortnightly publication to monthly publication and has reduced use of colour;
- student radio station has closed;
- funding subsidies to all five child care centres terminated;
- child care for school holidays programme terminated;
- student wall planner terminated;
- reduced funding for emergency food vouchers for students;
- number of student book scholarships of \$100 each reduced from 600 to 30;
- funding for orientation week reduced from some \$100,000 to some \$35,000;
- service assisting students to find casual employment terminated; and
- student 'trivia nights' terminated.

UWSSA retains management responsibility for some 1,550 m² of gross floor area at UWS. The estimated average age of the buildings in which this space is provided is 25 years. Total estimated written down value of campus services infrastructure managed by UWSSA is some \$1.4 million.

It has not been possible for purposes of this study to obtain a copy of the audited accounts of UWSSA. For this reason it is not possible to express a view on the medium to long term sustainability of the current model under which UWSSA is operating.

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Notwithstanding lack of audited accounts it is apparent the impact of VSU on UWSSA has been severe.

Detailed Impact on the UWS Postgraduate Student Association

PAUWS has 19 elected students on its governing board. As at the end of 2005 the association had gross annual income of some \$2.5 million, some 21 full-time employees and cash or cash equivalents of \$4.2 million. In 2005 the association provided a wide range of services typical of SRCs to students at UWS.

