

## 6. Changes in Who Delivers Campus Services

**Table 6.1**  
**Issues Potentially Arising from Type of Entity Delivering Campus Services**

Issue	University Department	Wholly owned subsidiary of the University	Student Organisation
Superannuation contributions	Normally 17 per cent of employee's earnings base	Normally 9 per cent of employee's earnings base	Normally 9 per cent of employee's earnings base
State payroll tax	Normally payable on payroll at rates varying by State from 4.75 per cent (Qld) up to 6 per cent (NSW) with no exemptions at all	Normally payable on payroll at rates varying by State from 4.75 per cent (Qld) up to 6 per cent (NSW) but some exemptions have been granted in some States (NSW in particular)	Often <u>not</u> payable depending upon the individual entity's OSR ruling status and the State. Normally must be paid in WA and Tasmania but many exemptions have been granted in Qld and NSW in particular
Income tax	Universities are exempt income tax	Wholly owned subsidiaries of universities are not automatically exempt income tax. There are cases of university subsidiaries with contingent taxation liabilities	Student organisations are not automatically exempt income tax. There are cases of student organisations with contingent taxation liabilities
Fringe benefits tax rebatable status	Not entitled to FBT rebatable status and accordingly the full rate of FBT must be remitted to the ATO	Normally not entitled to FBT rebatable status but there have been a few cases where such status has been granted by Commissioner	Often entitled to FBT rebatable status although only a few have applied for and received such status
Statutory reporting and audit by the State Auditor General	Subject to State public finance and audit legislation or equivalent and accordingly audited by the State Auditor General	Subject to State public finance and audit legislation or equivalent and accordingly audited by the State Auditor General	Typically not subject to State public finance and audit legislation or equivalent and are not audited by the State Auditor General

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**Table 6.1 (continued)**  
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Issue	University Department	Wholly owned subsidiary of the University	Student Organisation
Recognition of assets on university balance sheet	Campus services assets typically appear on the university balance sheet	Campus services assets typically appear on the consolidated university balance sheet	Arguably, if the student organisation is not a controlled entity of the university then the assets of the student organisation should not appear on the consolidated university balance sheet - note prior disputes in this area at some universities
Access to capital	Where a university department delivers campus services it is considered there is readier access to capital for campus services infrastructure	Where a wholly owned subsidiary of a university delivers campus services it is considered there is readier access to capital for campus services infrastructure	Where a student organisation delivers campus services it is considered that access to university guarantees (over loans) and access to university capital is generally more constrained
Willingness to commit to long term capital investments	As a general rule universities acting in their own right are more likely to commit to long term capital investments in campus services infrastructure	As a general rule wholly owned subsidiaries of universities are more likely to commit to long term capital investments (with university backing) in campus services infrastructure	As a general rule and with some notable exceptions the governing boards of student organisations do not have a strong track record in terms of willingness or capability to commit to long term capital investments in services infrastructure
Perceived and actual control by students	Students may provide input and feedback but do not own or control the campus services provider	Students may provide input and feedback and in some cases may elect a number of the directors	Student elected board but the university almost always has reserve albeit seldom exercised powers

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**Table 6.1 (continued)**  
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Issue	University Department	Wholly owned subsidiary of the University	Student Organisation
Ability to contain costs by avoidance of duplication of various operational overheads	High. There are many corporate overheads where cost efficiencies can be and are realised – covering IT, personnel, payroll, insurance, risk management, accounts payable etc	Moderate to high depending on the degree to which these potential savings are pursued	Low to moderate with the desire to maintain student control and autonomy oftentimes frustrating otherwise good initiatives to share overheads and reduce costs
Industrial relations	University employees typically come under award or EBA provisions specific to university employees	Employees of wholly owned university subsidiaries typically come under award or EBA provisions different to those for university employees	Student organisation employees typically come under award or EBA provisions different to those for university employees
Governance, 'Protocol 10' compliance and management	Comes directly under the university management and governance umbrella with, in some cases, slow turnaround on management decisions	Opportunity for small, value added, 'Protocol 10' compliant boards that oftentimes enjoy considerable autonomy and where there is at times faster turnaround on decisions	Typically very large boards with high turnover rates and mostly comprised of elected students with limited or no business experience. Rarely if ever 'Protocol 10' compliant
Potential for damage to the reputation of the university and for adverse publicity	Low	Moderate to low	Moderate to high

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Issue	University Department	Wholly owned subsidiary of the University	Student Organisation
Liability of the university for legal claims re negligence and under other headings	High	Moderate to high	Moderate
Charitable status	Universities have charitable status and accordingly are entitled to taxation concessions (such as, for example, GST-free status on non-commercial supplies)	Subsidiaries of universities are not automatically entitled to charitable status. Some have applied for and received such status	Student organisations are not automatically entitled to charitable status. Some have applied for and received such status
Deductible gift reciprocity status	Universities have DGR status and accordingly benefactors of the university are normally entitled to income tax deductions for donations made to the university	Subsidiaries of universities are not entitled to DGR status	Student organisations are not entitled to DGR status