

Guild of Undergraduates – University of Western Australia

Guild Treasurer's Report

2013 Interim Financial Budget

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INTRODUCTION

It is my pleasure to present to the 101st Guild Council the Guild Interim Financial Budget. This document highlights key factors and changes considered by the Strategic Resources Committee (SRC) in the upcoming financial year.

This budget has been approved by all voting members of the SRC. The committee has met on two occasions since the beginning of December to review the draft budget and make any necessary changes.

I would like to thank the members of the SRC – Tom Henderson, Cameron Fitzgerald, Sam Shipley, David Raithel, Elizabeth O'Shea, Alex Bennet, Wayne Howells, Ken Saverimutto, Tony Goodman and Vishal Shah for their contributions and commitment to maintain a financially sustainable Guild.

This financial year, the SRC is committed to achieving a balanced budget with a target minimum breakeven on operating cash flow. This will be achieved by making each Guild department financially sustainable by increasing efficiency and improving and identifying sources of revenue (both existing and new) without reducing frontline services to students and staff. This will provide the necessary resource capacity/capability to grow and develop the Student Guild.

This budget represents the financial budget for 2014, but will be reviewed over the coming year, including the Mid Year Budget Review. The following financial budget paper includes:

- Proposed revenue and expenditure details for 2014 for Student, Staff and Commercial areas
- Proposed Capital expenditure schedule for 2014

SECTIONS REVIEWED

1. OPERATING INCOME

(a) Student Services and Amenities Funding

The expected SSAF income is expected to increase in 2014, from \$1,525,00 to \$1,675,000. Part of this is due to an increase in the annual SSAF paid by students from \$235 in 2013 to \$280 in 2014.

The breakdown of the SSAF revenue received by the University is as follows:

- The University is expecting to receive \$5.5m in SSAF revenue for 2014.
- Of this, \$250,000 is kept by the University as administration costs.
- Of the remaining \$5.25m, 10% is used as capital expenditure, which is usually divided equally between the University, the Guild and UWA Sports. However, due to good negotiations and lobbying by the Student Guild, the Guild will receive the full 10% totalling \$525,000 for use on capital expenditure.
- Of the remaining \$4.75m, the Guild receives 33%, UWA Sports receives 33% and the University receives 33% totalling \$1,575,000 in SSAF revenue for the Guild in 2014.

In addition, the Guild has successfully negotiated an extra \$100,000 from the University's SSAF component to boost Events and Student Assist areas. As a result, the total funding from SSAF is expected to be \$1,675,000.

(b) Associate Membership Fees

The Guild has recently introduced an Associate Membership. At a cost of \$120 per year, staff members get exclusive benefits for being part of the Guild. This is conservatively estimated to raise \$6000 in revenue for 2014.

In 2013, we raised \$3750 in Associate Membership fees. The \$6000 prediction for 2014 is conservative, and will likely be higher with an aggressive marketing campaign to encourage staff members to opt in and become an Associate Member.

(c) Property

The Guild received rental income and non-rental income from several different property leases totalling \$414,000 in 2013. The costs involved in the Property division are administrative expenses and potential new legal costs. New legislation introduced means that the Guild must be prepared to pay lease preparation costs of \$8000 which has been budgeted for. As a result, operating income of \$315,700 has been budgeted for 2014.

(d) Catering

See catering and tavern report.

(e) Second Hand Bookshop

In 2013, there was a drastic fall in net operating income from the second hand bookshop, from \$13,000 to \$1000. This was for several reasons:

- The introduction of ‘Texchange’ as an online book exchange cannibalised the second hand book shop revenues.
- The presence of online books, and online medium to exchange second hand books reduced the need for a middleman, and books were cheaper for students.

However in 2014, the Guild is looking to conduct a strategic review of the bookshop through the use of an expert. As a result, the budgeted \$3395 operating income from the second hand bookshop is conservative and is expected to be higher.

(f) Tavern

See catering and tavern report.

2. OPERATING EXPENDITURE

(a) Presidential

I. Presidential

In 2013, the President was budgeted to spend \$89,015, but in the mid year budget review, there were recognised savings. For 2014, we have forecasted this down to \$82,579. This encompasses the following:

- President wages
- Administrative costs
- Guild Ball
- Special projects

A breakdown of the special projects is presented in Fig. 1

Fig 1.

Project	Budget	Notes
General Allocation	\$8000	Discretionary expenses
Strategic priority grants	\$2000	
Indigenous games	\$2000	
Future Directions etc	\$2000	
Total	\$14,000	

II. Guild Council

The budget for Guild Council has increased from the previous year to \$332,830. The increase in the Guild Council budget can be attributed to the following costs:

- A provisional \$28,000 figure for additional electricity and cleaning costs moving to the South Wing. This was a cost formerly paid by the University.
- A provisional \$10,000 to seek legal advice on the Guild's relationship agreement with the University.
- An provisional \$5000 for furniture and fitting in the old Guild offices in 2014.

There are also various special projects to be undertaken by the Guild, presented in fig. 2.

Fig. 2.

Project	Budget	Notes
Guild website	\$10,000	Create and maintain website (Tony Goodman)
Guild special project – Texchange etc	\$5000	Maintenance and upkeep of Texchange server etc
Other Misc Items	\$5000	e.g. update honour boards, logo designs, Facebook adverts
EBA Special Advice	\$8000	EBA industrial relations consultant
Bookshop business review	\$10,000	To review business model and recommend course of action
Archiving	\$13,000	Archiving development
Records Management	\$5000	Professional Assistance
Energy Audit	\$8000	Research and Feasibility costs
Tavern Business review	\$8000	To review business model and recommend course of action
Catering Strategy	\$10,000	Provision for feasibility and design costs etc
Totals	\$82,000	

III. Elections and Referenda

There has been an overall decrease in the elections and referenda costs to \$60,000. This is due to the improved efficiency and success of this year's election. This revised budgetary figure is based on the election costs for 2013.

IV. Pelican

There has been a significant decrease in the budgeted amount for Pelican from \$52,008 to \$31,393. It was recognised that the operation of Pelican in previous years was not sustainable for the Guild and so a review of Pelican was undertaken. This review identified several issues:

- Unsustainable design and print costs
- Fall in advertising revenue
- Inefficient allocation of resources

To resolve the following issues, the following steps are planned in 2014, which will improve the efficiency, and sustainability of Pelican:

- Appointment of a publisher/manager
- Slow transition from physical print to online digital media
- A focus to raise advertising revenue by working with the director of Corporate Services
- Reducing unnecessary costs

Implementation of these steps will see Pelican turn a massive operating deficit, into a modest operating surplus, and this is reflected in the downward figure of the Pelican budget for 2014.

V. Faculty Society Grants

There is no variance between the 2014 and 2013 budget.

VI. Affiliation Fees

There has been a decrease in the amount budgeted for affiliation fees to \$31,000. The decrease is due to:

- Costs for NUS affiliation reduced by \$10,000
- Costs for affiliation with CAPA (Council of Australian Postgraduate Association) fees were overestimated and so reduced by \$8000

Additional affiliations include:

- AACA (Australian Association of Campus Activities)
- ACUMA

Overall, the reduction in affiliation fees reflects various cost savings made throughout the year, and unnecessary provisional money put into the previous budget.

VII. Conferences

The Conferences budget is set at \$18,000 which has been increased from the previous year. This is a reflection of a greater number of people who attended conferences in 2013. The following conferences were attended:

- National Union of Students
- Australian Campus Union of Managers (ACUMA)
- International Students Services conference

- Postgraduate Students Association conference
- Queer Hub conference
- Volunteer Hub conference.

(b) Guild Departments

I. Environment

The Environment budget has slightly increased from last year to \$5000. This is reflective of a greater number of initiatives taken on by the Environmental department. However, the Environment department is seeking grants/sponsorships from various external sources. Thus the budgeted figure of \$5000 is a conservative and provisional figure.

II. International Student Services

There has been a decrease in the budget to \$14,000 for International Student Services. This is attributable to:

- A shift to online digital publications, rather than physical prints
- Increasing advertising revenue as an alternate source of revenue
- Running more profitable social events
- A greater focus on welfare and advocacy of international students

III. Postgraduate Students Association

The PSA have been allocated \$73,965 reflective of actual expenses incurred by the PSA for this year. This is a provisional figure, to be reviewed in the mid year budget review. The PSA have expressed a willingness to increase the number of activities for post graduates, and to make events more profitable.

IV. Queer

There has been a slight increase in the Queer budget to \$4530. This is reflective of better and more inclusive events held by the Queer department.

V. Women's

There is negligible variance in the Women's budget.

VI. Aboriginal and Torres Straight.

A figure of \$5000 has been allocated based on actual expenditure. This is reflective of expenses predominantly used for cultural events, the WASAC Function and 'WASAC Cheap Tuesdays and Thursdays'.

VII. Albany Students

There has been an increase in the Albany Students Budget to \$4050. This is attributable to:

- Increased campaign costs
- Function costs
- Provision of picnic tables to Albany students, presumably to have picnics

VIII. Welfare

The welfare budget has been reduced slightly down to \$5600 as a result of cost saving measures undertaken by the department:

- Combining self defence with the Women's department
- Decrease in costs of free breakfast appropriation
- Removal of ancillary free meal events
- Reductions in costs of posters and campaigns

IX. Residential Colleges Department

A new budget for the Residential Colleges Department has been introduced into the 2014 Guild's budget as a formal Guild department. This is reflective of the need to represent a significant portion of students who live on campus which has significantly increased since previous years. The \$7000 figure has been allocated to provide:

- Social events
- Sporting events
- Community Outreach programs

X. SPOC/MASA

A new budget for the SPOC/MASA has been introduced into the 2014 Guild's budget as a formal Guild department. This year, SPOC/MASA spent \$1633 on events and activities, beginning in late semester one. \$2500 allocated for 2014 is to account for any extra events that are held early/mid semester one.

(c) Student Councils

I. Public Affairs Council

\$6150 has been allocated to PAC, a decrease from the previous year. There were recognised savings this year in the PAC budget, and this is reflected in the downward forecast in the 2014 budget. Additionally, the department is striving to maximise efficient allocation of their PAC resources and to implement a variety of cost saving measures.

II. Club Grants

The budget for club grants has been increased to \$62,000. This is due to increased activities and events held by clubs. Additionally, the increase in club grants is also due to a forecasted increase in the number of student clubs to be affiliated with the Guild in 2014.

III. Societies Council

The Societies Council budget has been increased to \$33,800. This is a result of:

- Increased club start up grants – to encourage more clubs and societies
- Semester one club carnival to cater for students who did not have a chance to attend Orientation Day, sign up with a club and join in the festivities of the biggest event on campus
- Orientation start-up grants, to encourage more inclusive and alcohol free events in line with University Policy.

Overall, events held by societies and clubs represent a significant part of student life on campus. A higher budget will ensure an active and vibrant campus community which has significantly more inclusive, creative and exciting events for students.

IV. Education Council

There is negligible variance in the Education Council budget.

(c) Services and Activities

I. Student Assist

The budget for Student Assist has been slightly increased to \$330,100 due to an increase in their grants by \$2400.

II. Events

The events budget has gone up significantly to \$224,812. This is a result of the \$100,000 of the University's SSAF revenue to boost the Events area. In addition, there has been a change in staffing structure where we have brought in more professionals in this area. There is also an additional \$10,000 cost incurred for event compliance and management asked for by the University subsequent to early 2013.

III. Membership and Communication

The budget for Memberships and Communication has decreased down to \$335,814 mainly as a result of over-budgeting and underspending in 2013. Additionally, there are better managed activities, which are costing less but providing the same benefits to students.

IV. Design

There has been an increase in design costs to \$56,000. Design continues to heavily subsidize design jobs therefore the costs have to be expensed within the Events department.

V. Volunteer centre

The budget for the Volunteer centre has increased to \$105,000. This includes external sponsorship of \$63,000. This funding has been used to create a full time staff member and to hire additional casual staff as per external funding requirements. As a result of external funding, we are expanding Volunteering Hub and providing better volunteering activities for staff and students.

(d) Corporate Services

The budget for Corporate Services has overall increased. This is mainly reflective of rising wage costs, and the introduction of a full time corporate services director. For more information, see the Corporate Services report.

3. NON-OPERATING INCOME

Main component is interest earned on investments in UWA Pools, which is calculated as the approximate increase in value of this asset over the next calendar year. In past years this has been volatile, since it is difficult to predict. We are optimistic about the budgeted amount.

4. CAPITAL EXPENDITURE

Capital Expenditure over \$20,000 will need to be approved by Council following a recommendation by the SRC. Supporting documents and business cases will be provided to Councillors before the decision is made.

There is \$525,000 in Capital Expenditure income.

Capital Expenditure is expected to cost \$875,980.00. For the proposed schedule, see Fig 3.

The net cost of Capital Expenditure for 2014 is expected to be \$350,980.

Fig. 3.

Item	Description	2014 Capital items
	MasterPlan	
1	MP revision (complete by end 2014) – Mini	
2	MP Review ‘complete overhaul’	
3	Phase 1- guild consolidation	
4	Phase 2 – Student Facilities (design and concept)	
5	Phase 2- Student Facilities (Capital works as per Capital Plan)	\$300,000
6	Phase 3- HCSS – design concept and feasibility	\$10,000
7	Phase 3 – Hospitality, Commercial and Student Services	
	Special Projects	
8	Wayfinding signage around Guild village	\$10,000
9	Installation of services for new commercial outlet	\$60,000
10	Future ATM relocation and provision – ANZ and Rediteller	\$15,000
11	Hacket Hall Refurb – feasibility, design and concept	
12	Hacket Hall Refurb – Capital Works	\$200,000
	Other Catering	
13	Dentistry Shade Sail	\$15,000
14	IT and Admin	\$100,000
15	Solar Panel Project	\$105,980
16	Tavern Refurb	
GROSS EXPENSE		\$875,980

5. FUTURE OUTLOOK

Although there is a very positive outlook for the Guild in 2014, there is potential uncertainty with Guild finances in 2015 and beyond. This is as a result of a significantly reduced student cohort in 2015. The impacts of the reduced cohort are likely to be:

- significantly less operating income from SSAF funding
- less operating income from frontline services such as Tavern and Catering
- a strain on existing Guild resources and ultimately less services available to students
- A large operating deficit in 2015, and the need to draw on Guild reserves.

As a result, it is vital to the sustainability of the Guild that we implement ways to make departments and divisions more financially sustainable and less reliant on Guild resources. External funding and formation of partnerships should be encouraged, and a more efficient allocation of resources should be identified throughout the year with a focus on identifying areas which are running at large deficits.

6. RECOMMENDATIONS

That the Guild Council approve the interim Guild Financial Budget as presented.

**UWA STUDENT GUILD
2014 BUDGET SUMMARY**

Divisions	Budget 2014	Budget 2013	Actual 2012
SSAF & Associate Membership	1,681,000	1,525,000	2,490,919
<u>Commercial Divisions</u>			
Commercial Services	319,095	343,693	323,240
Catering & Tavern Division	320,000	296,440	131,293
Total Operating Income	2,320,095	2,165,133	2,945,452
<u>PRESIDENTIAL & COUNCIL</u>	615,802	625,555	1,212,706
<u>GUILD DEPARTMENTS</u>	126,635	111,660	103,832
<u>STUDENT COUNCILS</u>	106,520	94,600	124,108
<u>STUDENT SERVICES</u>	1,051,726	1,004,224	906,640
<u>CORPORATE SERVICES</u>	892,111	892,601	720,749
Total Expenditure	2,792,794	2,728,640	3,068,035
NET OPERATING SURPLUS/(DEFICIT)	(472,699)	(563,507)	(122,583)
<u>NON-OPERATING INCOME</u>	241,244	265,853	667,930
ACCOUNTING - SURPLUS/(DEFICIT)	(231,455)	(297,654)	545,347
CASHFLOW SUMMARY :-			
ACCOUNTING SURPLUS/(DEFICIT)	(231,455)	(297,654)	545,347
ADD BACK DEPRECIATION	472,800	447,493	443,316
DEDUCT NON-OPERATING INCOME	(241,244)	(265,853)	(667,930)
CASH SURPLUS/(DEFICIT) FROM OPERATIONS	101	(116,014)	320,733
ADD BACK NON-OPERATING INCOME	241,244	265,853	667,930
NET CASH AVAILABLE BEFORE CAPEX	241,345	149,839	988,663
DEDUCT CAPITAL EXPENDITURE	(350,980)	(1,122,732)	(236,000)
NET CASH SURPLUS/(DEFICIT)	(109,635)	(972,893)	752,663