

Submission

to

Senate Employment, Workplace Relations and Education
Legislation Committee

Higher Education Support Amendment (Abolition of Compulsory Up-front Union Fees) Bill 2005

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Submitter: Mr Tony Geange
General Manager

Organisation: UWSConnect Ltd

Address: University of Western Sydney
PO Box 59
QUAKERS HILL NSW 2763

Phone: 02 9852 4010

Fax: 02 9852 4020

Email: T.Geange@uws.edu.au



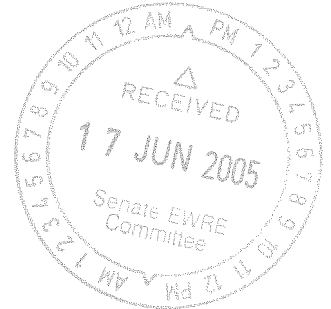
P O Box 59 Quakers Hill NSW 2763 Australia
t +61 2 9852 4010 f +61 2 9852 4020

uwsconnect Limited ABN 451 077 591 97

17 June 2005

Mr. John Carter
Secretary
Senate Employment, Workplace Relations and Education Committee
Suite SG.52
Parliament House
Canberra ACT 2600

Email: eet.sen@aph.gov.au



Dear Mr. Carter,

**Submission to Senate Employment, Workplace Relations and Education Committee
– Higher Education Support Amendment (Abolition of Compulsory Student Union Fees) Bill
2005**

Please find attached the submission from uwsconnect in relation to this Bill.

uwsconnect would appreciate any opportunity to speak to its' submission at the public hearings.

Any requests for further information should be directed to Tony Geange, General Manager on (02) 9852 4010 or t.geange@uws.edu.au

Yours sincerely

Tony Geange
General Manager
uwsconnect

Geoffrey Roberson
Chair
uwsconnect
Deputy Chancellor
University of Western Sydney

Impact of Higher Education Support Amendment (Abolition of Compulsory Up-front Student Union Fees) Bill 2005 on uwsconnect

This paper has been prepared by uwsconnect, provider of student services at University of Western Sydney ("UWS") to discuss:

1. The impact of the proposed Bill on uwsconnect; and
2. A successful student services partnership implemented by UWS as a model, that is;
 - a. A solution to an inherent problem and improved use of student fees,
 - b. Best practice governance and financial management,
 - c. Leveraging an experienced management team, and
 - d. Aligned with UWS' strategic plan.

The provision of student services, an important facet of the "university experience", has been shown to be a factor by students in determining the higher educational institution of choice, and is an area that requires investment and strong management, when considering UWS and Australia's continuing position in an increasingly competitive local and international education market.

UWS was developed to serve the higher education needs of Sydney's Greater Western Region and services 6 campuses over a geographical area of approximately 2,000 Sq Km. The University, is currently the sixth largest in Australia, with 37,000 students, and is expected to expand to 45,000 students or more in ten years time. In May 2003, with this strategic vision and on the back of continuing concerns about the long term viability of the then Student Associations model, UWS undertook an external audit, the results of which reinforced that there was a lack of financial or management controls that compromised the delivery of all student services, and primarily:

1. **Sport** – Sports facilities, recreation and leisure activities.
2. **Retail** – Campus information/service centre and retail outlets.
3. **Food** – Cafeterias, restaurants, communal areas, lounges, bars, catering and events.

As part of the process undertaken to improve the provision of student services, UWS reviewed the following options to facilitate the requisite changes:

1. **Maintain existing Student Association model** - As evident from the audit there was little or no corporate governance and strategic planning. Across UWS' seven Student Associations the use of student fees and delivery of services was driven in part by political processes. Not a sustainable model.
2. **Outsource to Commercial providers** - UWS has had little success with this model on a number of campuses. At UWS Bankstown one of the two commercial service providers walked out of the contract without dispute and the other did not renew their contract. At UWS Hawkesbury the service provider also walked out.

Key contributors to this model failing is the extended hours of operation required to meet student schedules and the cyclical academic calendar, where students are on campus 26

to 30 weeks a year, reduce the viability of a commercial provider generating a sustainable return on investment, unless above market rates are charged to students. In UWS' case ensuring consistent and equitable services by multiple providers across 6 campuses was considered an issue.

3. **Set up a student services partnership** - This not-for-profit model is the basis for uwsconnect, where strong corporate governance, an experienced Board and management team invest student fees to provide (and in UWS' case improve) the student services. The operation of this entity is not subject to the political cycle of student run associations.

As a result the UWS Board of Trustees recommended uwsconnect, a not-for-profit student services partnership, assume the delivery of the above mentioned student services across all campuses as the most viable option.

The uwsconnect Story: A model for Change

uwsconnect was formed in 2004 and a 5-year strategic plan was presented to the UWS Board of Trustees, in which uwsconnect aims to:

1. Improve student use of services and facilities,
2. Become self sustaining in trading areas (retail, food and beverage), and release fees from subsidising trading areas to improving student facilities and services,
3. Improvement to services across all campuses in sport, retail and food & beverage,
4. Invest substantially in people, facility, equipment and branding,
5. Diversify the risk associated with the seasonal academic calendar, and
6. Execute \$10 million capital development plan to:
 - a. Bring facilities to an acceptable standard by 2008, and
 - b. Expand services in line with UWS' 10 year growth strategy.

Annual funding, excluding revenue from activities, totalling \$6 million is collected through an amenities fee charged to students. There is no membership attached to this fee.

Important to students and the University is ensuring good governance is established and to that effect a strong board, professional management team and significant student representation is being implemented. The uwsconnect Board structure has been developed to meet the needs and expectations of all stakeholders as follows:

1. **Student Representation** - 6 elected, one per Campus.¹
2. **University Representative** - 7 representatives appointed, including Chair.
3. **Post graduate Representation** - 1 elected member.

uwsconnect has put together a professional management team composed predominantly of staff from existing operations, working under a Board with strong corporate governance principles and to a strategic plan. This team provides strong staff leadership and through an integrated multi campus function supports campus operations. Unions have indicated that they have had positive feedback from their members regarding uwsconnect and working within a professional environment.

¹ The student representatives will undergo governance training to provide the basic skills required of a board director.

A 2003 student survey across all campuses found that there was a need to improve services (then delivered by Student Associations), as indicated by comments such as:

- ✓ Create a more friendly and welcoming environment.
- ✓ Better service and selection of food in outlets.
- ✓ Larger variety of shops on campus.
- ✓ It would be great if [name withheld] campus has a shop with stationery supplies and a post box.
- ✓ More social events.
- ✓ Improve Uni experience by putting new and inventive stores/shops etc.
- ✓ More sporting activities.
- ✓ Food at [name withheld] needs to be fresher – I was ill on a few occasions.

Comparatively a 2004/05 student survey found comments such as (first year under uwsconnect):

- ✓ Nice job with refurbishing Campbelltown.
- ✓ Sports and fitness facilities are great.
- ✓ Staff in the Fish Bowl are really helpful and has great customer service skills.
- ✓ Unifit gym is very affordable for students and the staff is very friendly.

This Bill impacts Australian higher education exports

UWS has an interest, as do all higher education institutions, in ensuring the student facilities and services meet the standards to service its students and other stakeholders. The provision of educational services is big business for Australia and operates in a global context. There were about 1.8 million transnational students in higher education institutions around the world, generating around US\$30 billion in exports in 2000, with global demand predicted to grow to over 7 million students by 2025.² It is estimated that Australia is the third largest English speaking provider of international education services, with 7% of the market behind the USA with 32% and UK with 15%. In Australia the estimated spend by incoming international students was \$5.2 billion in 2002.³

The Evaluation of the Education Services for Overseas Students Act 2000 found that a “successful market share will depend heavily on Australia’s reputation as the provider of high quality educational outcomes through a satisfying experience of study in Australia.”⁴ A US university official referring to a US\$ 200 million investment “on a main street of sorts, with everything from cafes to a ‘mall style’ student centre”, discussed how potential students go on campus “tours, within 15 minutes they know whether we’re [the university is] in or out. These amenities are playing a major role in that decision. They want to be ‘wowed’. That’s their language – to be ‘wowed’.”⁵

Services & facilities currently and intended to be provided by uwsconnect represent a significant part of the ‘wow’ factor for UWS.

Impact of Bill on uwsconnect

If this Bill is enacted as proposed or amended as suggested by Mr. Tony Windsor MP, uwsconnect would face the following scenarios, where the impact is depicted in the table below:

1. **VSU Bill implemented** - In order to provide a basic service, a subsidy of \$5.9 million over 5 years is required to achieve a cash flow positive position. Of the \$5.9 million approximately \$2.2 million would be related to the VSU Bill for redundancies of approximately 120 staff and closure of facilities.

² Evaluation of the Education Services for Overseas Students Act 2000 by Phillips KPA and Lifelong Learning Associates, May 2005

³ ibid

⁴ ibid

⁵ Greg Winter. “Impressing students with the ‘wow’ factor”, Australian Financial Review, February 16, 2004.

This option requires funding to provide very basic services in the short term and is not sustainable in the long term as it lacks investment to truly meet the needs of current and future students. The quantum and quality of student services will decline at UWS relative to more established higher education institutions.

In event uwsconnect has to cease operations there would be redundancies for 300 staff and facilities closure at a cost of \$4.5 million.

- 2. VSU Bill amended to enable fees to be levied** - Under this model uwsconnect will collect approximately \$6 million annually in fees to improve, provide and maintain student services, enabling UWS to continue to offer the experience.

Review of uwsconnect services and facilities provided under funding options

	Option 1: Fees levied to deliver and improve services	Option 2: Minimal funding provided for basic services	Option 3: No funding resulting in the wind up of uwsconnect
UWS Wide Services			
leisure activities	✓	✗	✗
recreational activities	✓	✗	✗
Orientation week	✓	✗	✗
clubs and societies	✓	✗	✗
scholarships	✓	✗	✗
representative sport	✓	✗	✗
social activities	✓	✗	✗
publications	✓	✗	✗
social sport	✓	✗	✗
Long term Investment			
facilities maint	✓	✓	✗
facilities upgrades	✓	✗	✗
central mgnt systems	✓	✗	✗
marketing	✓	✗	✗
finance	✓	✗	✗
IT	✓	✗	✗
Facilities & Infrastructure			
Retail	✓ (6 outlets)	✓ (5 outlets)	✗
Canteen	✓ (6 outlets)	✓ (4 outlets)	✗
Coffee shop	✓ (9 outlets)	✓ (4 outlets)	✗
Bar	✓ (5 outlets)	✓ (1 outlet)	✗
Kiosk	✓ (2 outlets)	✗	✗
Gym	✓ (5 gyms)	✓ (2 gyms)	✗
Pool	✓ (2 pools)	✗	✗
Club room	✓ (1 outlet)	✗	✗

In conclusion, the impact of the proposed Bill will seal the fate of uwsconnect, have a negative impact on UWS, diminish the student experience, reduce job opportunities in Greater Western Sydney and contribute to the cumulative effect of weakening Australia's education export market.

A flexible solution has to be found to enable higher education institutions to continue to maintain a quality experience at a campus level as well as in the global context. The proposed option where each university be given the right to levy a universal services and amenities fee to students, the primary users of student services and facilities, as a condition of enrolment to ensure the continuation of services is supported by uwsconnect.