

OUSA Budget 2015

September 11 2014

PART EIGHT: OUSA Budget

Overview

The origin of the OUSA budget was an operational levy and a buildings levy. This created a surplus that was used to renovate OUSA spaces, particularly the OUSA Recreation Centre.

This is now complete.

The OUSA's view is that whether the income is by levy or by the Service Level Agreement (SLA) with the University, "Every dollar is a student dollar". This means that the OUSA has to continue to work to be more efficient while delivering better services.

In 2015 the OUSA has agreed to a new structure of funding with the university. This includes an operational expenditure component, actual depreciation and a small 5% surplus on top of those two items to allow flexibility.

On top of the budgeted income and expenditure, the OUSA has bids in with the University for funding for other services in 2015. This is part of the SLA process with the University. As income is tight for the University, there are no guarantees that these services will be funded. The list of these services is on page 8 of this document.

The Executive has carefully examined all expenditure areas to find savings to push into more desirable services. New services are outlined in the New Service Items 2015 section.

The budget has a deficit of \$1,278. This is a tight budget where post-budget innovations will need to come from reserves.

BUDGET AREAS

General

This includes the basic costs of running Cumberland Street and some trading activity which largely nets out to a 10% return eg Trade Aid goods, rubbish bags. Some small convenience items will be added in 2015.

Management

This budget area includes external Accounting Support, Professional Fees, Central Staff and Staff Training costs. It is also where non-cash operational costs such as depreciation and asset register write-offs occur.

Items

- Processing and advice on payroll from Harvey Green Wyatt
- Annual audit from PWC.
- Minor entertainment expenses with clients
- Professional Fees
 - Education Direction subscription
 - Legal advice
 - OSEA membership
 - Deloitte advice
 - HR review
- OUSA research
- ACC Levies
- Central training budget including health and safety
- Outside mentoring of GM
- Functions
 - Staff: Christmas and mid-year functions
 - 6x small staff functions (total \$3,000 allocation)
 - one extra function unplanned
- Wages:
 - GM
 - Association Secretary
 - OUSA reception
 - Accounts staff
 - Kiwisaver (Employer Contribution)

Commercial Income

This area contains the major non-University income areas outside of service areas: eg the lease of the Dispensary Café on Albany Street, UBS dividends, and Interest on deposits. There is significant trading within budget areas, eg Events, with reports done on the net result. The mission is to provide the ultimate student experience in a sustainable way rather than a profit maximizing operation.

External Student Service Providers

The major student services included are: Planet Media Dunedin Limited, University Union Limited (lease costs), and Student Job Search

Planet Media Dunedin Limited

The core Radio One and Critic services will essentially be the same in 2015 as 2014. There is an exercise to align prices better with market expectations which will mean some price reductions for some products, particularly for bulk purchasers, as well as making sure we have good products at fair and transparent prices for small local retailers and local music promoters.

The staffing structure of the Sales team has shifted from 20 person days per week to 15 as accessing opportunities for sponsorship on OUSA events and other services is taking longer than anticipated.

At \$209,000 the PMDL subsidy in 2015 is \$44,000 less than 2014. Radio One will cost \$130,000 (2014 \$160,000), Sales \$85,000 (\$95,000) and Critic will make a small contribution of \$6,000 (\$0). PMDL budgets, like all OUSA budgets, exclude central costs such as administration or depreciation.

Considerable caution is needed in assessing these subsidies as they are somewhat an artefact of the accounts system. For example a different way of calculating the real cost of the service units would be to attribute the proportion of the Sales costs by sales to Critic and Radio One respectively. In that case 80% (\$68,000) would be attributed to the Critic budget area, and Critic would make a loss of \$62,000 and Radio One \$147,000.

Student Job Search remains unchanged.

This area includes the University Union Limited lease payment.

Communication & Design

This area includes the Design and Communications Coordination parts of the OUSA. It has responsibility for the web site, Facebook and various projects such as the First Year Mail Out, Hall packs, Exam Packs, Cooking Competition, OUSA purchase of PMDL services.

No significant change is planned in 2015.

Recreation Service

The OUSA now has an accurate 10-year estimate of repairs and maintenance required on the OUSA recreation service buildings. This has led to significant increases in budgeted expenditure.

Executive

The Executive is proposing several savings as some expenses were one-off campaign expenses for 2014.

OUSA Events

The OUSA Events team delivers events at a net estimated cost as per the below table:

| | 2014 Budget | 2015 Budget | Change 2014 - 2015 |
|----------------------------|---------------|---------------|--------------------|
| Art Week (Sept) | -12,600 | -18,400 | -5,800 |
| Battle of the Bands (May) | -6,400 | -5,750 | 650 |
| Capping Show (May) | 2,600 | 6,250 | 3,650 |
| Craft Beer & Food Festival | -16,296 | 632 | 16,928 |
| Hyde Street | -8,000 | -6,550 | 1,450 |
| Future DJ (August) | -2,400 | -2,500 | -100 |
| Orientation (February) | 86,029 | 120,120 | 34,091 |
| Re-Orientation (July) | -15,100 | -9,553 | 5,547 |
| | 27,833 | 84,248 | 56,415 |

There has been a focus on getting lower priority costs out of events.

The policy with Orientation is to target a 5% return on ticket sales.

Student Support Centre

The SSC have a range of small but important service increases noted in the New Services 2015 list.

Health and Safety

The OUSA has focused on practical health and safety as well as training in 2014. In 2015 the impact of pending legislation will be assessed. External consultants will be used to validate health and safety plans for departments and events. The 2013 Recreation Centre health and safety audit will be updated and an audit done of the Events Department. An audit process to secure a discount on ACC levies will be done across the whole OUSA. Staff surveys will be used to supplement further health and safety gains.

Capital Expenditure

Capital Expenditure is governed by the Capital Funds Policy. Any new purchases over \$5,000 will require specific and separate approval from the Executive.

Depreciation

While depreciation is a non-cash item it does reflect the real decrease in the value of assets. As such the OUSA has worked with our advisors at Price Waterhouse Coopers to get a hard figure in the budget for depreciation. At the time of budget creation that figure is estimated at \$459,073.

Surplus

This budget estimates a deficit of \$1,278.

Operational Expenditure

| | | 2014 Budget | 2015 Budget | Change 2014 - 2015 |
|---|----------------------------|-------------------|-------------------|--------------------|
| Administration | | | | |
| | General | -115,334 | -107,706 | 7,628 |
| | Management | -458,514 | -496,859 | -38,345 |
| Total Administration | | -573,848 | -604,564 | -30,716 |
| Recreation Services | | | | |
| | Aquatic Centre | -112,300 | -70,825 | 41,475 |
| | Club Development | -81,500 | -79,700 | 1,800 |
| | NZ U Games | -62,500 | -58,900 | 3,600 |
| | Operating | -604,399 | -570,704 | 33,695 |
| | Squash Club | -29,810 | -11,435 | 18,375 |
| | Yacht Club | -8,870 | -7,970 | 900 |
| Total Recreation Services | | -899,379 | -799,534 | 99,845 |
| Commercial Income | | 160,400 | 152,000 | -8,400 |
| Communications & Design | | -163,676 | -168,950 | -5,274 |
| Executive | | | | 0 |
| | Education | -5,000 | -5,000 | 0 |
| | International | -7,500 | -7,500 | 0 |
| | Post Graduate | -10,500 | -13,500 | -3,000 |
| | Welfare | -11,700 | -5,000 | 6,700 |
| | Executive - Other | -203,163 | -171,717 | 31,446 |
| Total Executive | | -237,863 | -202,717 | 35,146 |
| External Student Service Providers | | -363,776 | -304,276 | 59,500 |
| OUSA Events | | | | 0 |
| | Art Week (Sept) | -12,600 | -18,400 | -5,800 |
| | Battle of the Bands (May) | -6,400 | -5,750 | 650 |
| | Capping Show (May) | 2,600 | 6,250 | 3,650 |
| | Craft Beer & Food Festival | -16,296 | 632 | 16,928 |
| | Hyde Street | -8,000 | -6,550 | 1,450 |
| | Future DJ (August) | -2,400 | -2,500 | -100 |
| | General (all year) | -241,400 | -261,033 | -19,633 |
| | Orientation (February) | 86,029 | 120,120 | 34,091 |
| | Re-Orientation (July) | -15,100 | -9,553 | 5,547 |
| Total OUSA Events | | -213,567 | -176,785 | 36,782 |
| Student Support Centre | | -313,246 | -311,825 | 1,421 |
| Te Roopu Maori | | -127,000 | -127,000 | 0 |
| Total Operating Expenditure | | -2,731,956 | -2,543,652 | 188,304 |
| University Opex Contribution | | 2,808,427 | 2,587,374 | -221,053 |
| Surplus on Operating (SLA) ex-Depn | | 76,471 | 43,722 | -32,749 |
| Depreciation | | -397,512 | -459,073 | -61,561 |
| University Contribution to Depn | | 397,512 | 459,073 | 61,561 |
| Total Surplus on Operating | | 76,471 | 43,722 | -32,749 |
| Total University Contribution | | 3,205,939 | 3,046,447 | -159,492 |
| Non SLA item (NZUSA) | | n/a | -45,000 | 0 |
| Total Surplus | | 76,471 | -1,278 | 77,749 |

Non-SLA Item

The final budgeted result includes a non-SLA item, NZUSA membership costs. The university has been explicit about this item coming from non-SLA funds.

New Service Items 2015

The Executive has decided to prioritize the following services for 2015.

| New Items 2015 | | |
|----------------|-----------------------------------|---------------|
| Exec | OUSA 125th celebrations | 5,000 |
| Exec | Exec training and travel | 10,000 |
| Exec | 2% applied to honoraria | 1,554 |
| SSC | volunteer workshops | 1,500 |
| SSC | volunteer reward programme | 500 |
| SSC | Class rating system | 1,500 |
| SSC | Tutor and lab demonstrators trial | 1,500 |
| SSC | Space student support group | 750 |
| SSC | Queer Friendly Staff Network | 500 |
| Events | Intern | 5,000 |
| Events | Postering Assistant full year | 4,320 |
| Art Week | Curate Campus | 3,000 |
| Critic/ R1 | Volunteer Training Programme | 5,000 |
| TOTAL | | 40,124 |

In 2015 the OUSA will celebrate 125 years. A suitable celebration of this significant anniversary will take place. We are hoping for a nice message from the Queen.

Executive training and travel has been increased to reflect the need for more training for the Executive in their governance role.

A range of important Student Support Centre items have been agreed to.

Events will benefit from an intern for early 2015 as the first semester has a particularly heavy workload.

The postering contribution allows the poster service to operate as a full year service. This is needed to service students during summer school as well as staff on campus and provide some help with summer custodial duties is anticipated.

The Curate Campus is new in that it corrects a 2014 budgeting error which saw this item missed out of the 2014 budget. This budget area pays for art installations on campus all year, which complements the Art Week in Semester 2.

Both Critic and Radio One have more volunteer offers than they can manage. This budget allows for some time to manage volunteers and provide training/ access to media outcomes for developing contributors, for example web only content.

SLA bids 2015

This budget is submitted to students with these contingent expenditure items included. These items are subject to successful bids for increased funds from the university. If successful they will be deemed to be part of the budget. If they fail they are deemed to not be part of the budget.

| SLA Contingent Items (in order of priority) | | 2015 |
|---|---|----------------|
| 1 | Campus groups | 70,000 |
| | Cause, Social Service & Faculty Clubs | |
| 2 | Satellite Campus Support (70%) | 21,000 |
| | Wgtn Med Students Assoc | 10,000 |
| | Chch Medical Students & PG Soc | 10,000 |
| | Southland Campus Students Assoc | 5,000 |
| | Student Support Centre SatCam Support | 5,000 |
| 3 | International Games | 10,000 |
| 4 | Critic - Three new section heads: International, Cultural, On-line and Video | 22,680 |
| 5 | Satellite Campus Support (30%) | 9,000 |
| 6 | Radio One Projects with Uni departments (70%) | 14,000 |
| | TOTAL | 146,680 |

Major savings, Increased Income and Risk Shifts

The Commercial income of the OUSA has been included to off-set the loss in SLA income. This includes the lease of the Dispensary Café on Albany Street, University Book Shop dividends, and Interest on investments. This is **\$152,000** in 2015.

Repairs and maintenance programmes across all OUSA properties have been informed by 10 year Asset Management Plans. There are savings of **\$36,000** in the Aquatic Centre, **\$21,000** in the OUSA Recreation Centre and **\$19,000** in the Squash Building repairs and maintenance. Also some "repairs" are more like a significant change in service and have been shifted to the Capital Expenditure programme, for example shower room repairs in the Aquatic Centre of some **\$25,200**.

Events direct costs have had **\$56,415** of lower priority direct costs stripped out of them. The two key changes are getting Orientation a 5% return on ticket sales, and shifting the Craft Beer & Food festival to breakeven in 2015. The risk of not achieving these targets has been shifted to the OUSA.

In previous years the OUSA budgeted for salary increases looking at each staff member's individual situation. Increases were calculated for each individual by the requirement of the Collective Employment Agreement with the Tertiary Education Union which has automatic step increases of about 4% per annum, plus an estimate of CPI. In 2015 a 3% increase has been assumed which will have to be made up from new staff starting on lower rates. The tradeoff is that the OUSA pay structure is below market rates, so hiring is likely to be more problematic and risk to continuity of service through staff retention at greater risk. The savings will be in the order of **\$30,000**. This has been treated as a risk shift to the OUSA.

The core Radio One and Critic services will essentially be the same in 2015 as 2014. There is an exercise to align prices better with market expectations which will mean some price reductions for some products, particularly for bulk purchasers, as well as making sure we have good products at fair and transparent prices for small local retailers and local music promoters. The key budget assumption is that the decline in advertising sales will be halted. This is an effect in the order of **\$20,000** and represents a risk shift to the OUSA.

The handbook diary product has been changed to a handbook with savings in printing costs, estimated to be **\$20,000**, included in the budget. The final cost of printing may not see savings quite as high as negotiations on colour content have not been finalized. The risk of higher cost has been shifted to the OUSA.

The OUSA has done a line by line assessment of all 40 operational budgets to ensure all costs are realistic rather than inflated due to no longer relevant historical assumptions. For example insurance costs are slightly lower in the year to June 2015 and some phone lines have been disestablished. The savings are in the order of a **few thousand dollars** across all budgets.

Campus Groups

Many Campus Groups lack OUSA financial support. These are:

1. Cause Based Groups:

These have grown recently. It was once more common to join political parties. Now, cause groups are more popular on campus. These groups raise awareness and facilitate discourse on important issues with public policy implications. Often social cause groups are designed to overcome collective action problems.

Groups the Executive has met this year in this category:

- Generation Zero
- Amnesty International
- Students For Animal Law
- Law for Change
- Dunedin Feminist Collective

2. Social Service Groups:

These groups perform volunteer work or provide services. OUSA objectives often align with these services. Such groups provide opportunities for students to connect with the wider Dunedin community:

Groups the Executive has met this year in this category:

- Ignite
- Rate My Flat
- Green Crew
- Choose Kids
- Otago University Debating Society
- Otago Dance Association
- UN Youth

3. Faculty Student Organisations:

These are student executives and organisations of academic divisions. Some have well established histories and others are just beginning. Student support is a key service these organisations and OUSA provide. A deeper OUSA-faculty relationship can improve academic and mental health service delivery for students.

Groups the Executive has met this year in this category:

- OUMSA
- SOULS
- SciCO
- Otago Dietetics Association

Radio One

UNIVERSITY DEPARTMENT ENGAGEMENT

Radio One 91FM seeks to give direct broadcast outcomes to University of Otago departments in 2015. Specific departments that we would look to engage with are Theatre Studies, Political Studies, Media Film and Communication Studies, Science Communication, and Music Studies.

Some specific ideas are:

- Broadcast outcome for the Marama Hall Concert series.
- Broadcast outcome (the creation of radio plays) for Allen Hall Theatre
- Broadcast outcome for “The Public Square” / “Vote Chat” type initiatives being presented by the Politics Department and the Centre for Theology and Public Issues.
- Practicum broadcast outcomes for Music degree students.
- Practicum broadcast outcomes + supervision and training for MFCO students through the Radio One News programme.

The cost request primarily reflects time/wage cost (mainly in the area of production and post-production) to execute these plans and ensures that Radio One is adequately resourced to produce quality academic broadcasts both independently and through liaison with the University’s Audiovisual Production Unit (AVSDU) if required.

Broadcast / podcast outcome for the Marama Hall Lunchtime Programme Concert series.

On site technician handling the live stream back to studio / R1 side technician to initiate live stream in house. Wage cost associated with uploading to cloud host after the completion of broadcast. Wage cost associated with producing weekly on air content to promote the series.

Practicum broadcast outcomes for Music Degree students.

Cost of studio side presenting, creating promotion for and podcasting 4x Practicum assessments for the Music Department which may include live streams from the Albany St. recording facility.

Practicum broadcast outcomes for MFCO students.

Broadcast outcomes for Media, Film and Communication students presenting Radio One news programmes at 12pm and 5pm weekdays (approximately 40 students on a programming rotation.) Wage cost associated with mentoring incoming students, overseeing and actively guiding them through Radio One news presentation protocols, assisting them in the researching and devising of content. We would offer news media training, constructive criticism, feedback sessions and audio archive to all participants.

Student Support Centre – SatCam Support

The OUSA has trialled satellite campus support through SSC staff and has found high demand for useful and practical engagement leading to advocacy outcomes, eg housing international students from Auckland who were coming to Dunedin for a practicum, tenancy tribunal support in Wellington. This cost covers travel, accommodation and staff time to travel to Invercargill, Christchurch, Wellington and Auckland students once per annum plus incidental servicing costs, skype, possible tribunal attendance and paper preparation.

International Games

The OUSA trialled participation in the East Australian Games in 2014. This bid represents a subsidy for a smaller number of people, approximately 20 people, including team management to attend. A sporting exchange programme with UTS has been one mooted outcome of the East Australian Games participation.

Critic

Students want to be engaged; they want entertainment but they also want higher purpose. As mainstream media dumbs down we should smart up. I think students and young people in general are moving to media that is smarter about knowing them, engaging them and treating them as smart.

The future is sharing content on multiple platforms more: live (including events), print, radio, internet and video. The future is shared content between Critic and Radio One, with a doubled input of volunteer contributions, shared on multiple platforms with greater attention to international students.

Through OUSA research students say Critic does a good job. This bid is about the next step.

The next step is to include a set of second tier roles focused on content curating in areas that need strengthening: culture, international and digital.

This could be achieved through a 12 hour a week Cultural Editor curating film, books, food and music; a 12 hour a week International Editor sourcing and curating international student content, and a 12 hour a week on-line and video editor content position. All three positions have been scoped at 32 weeks.

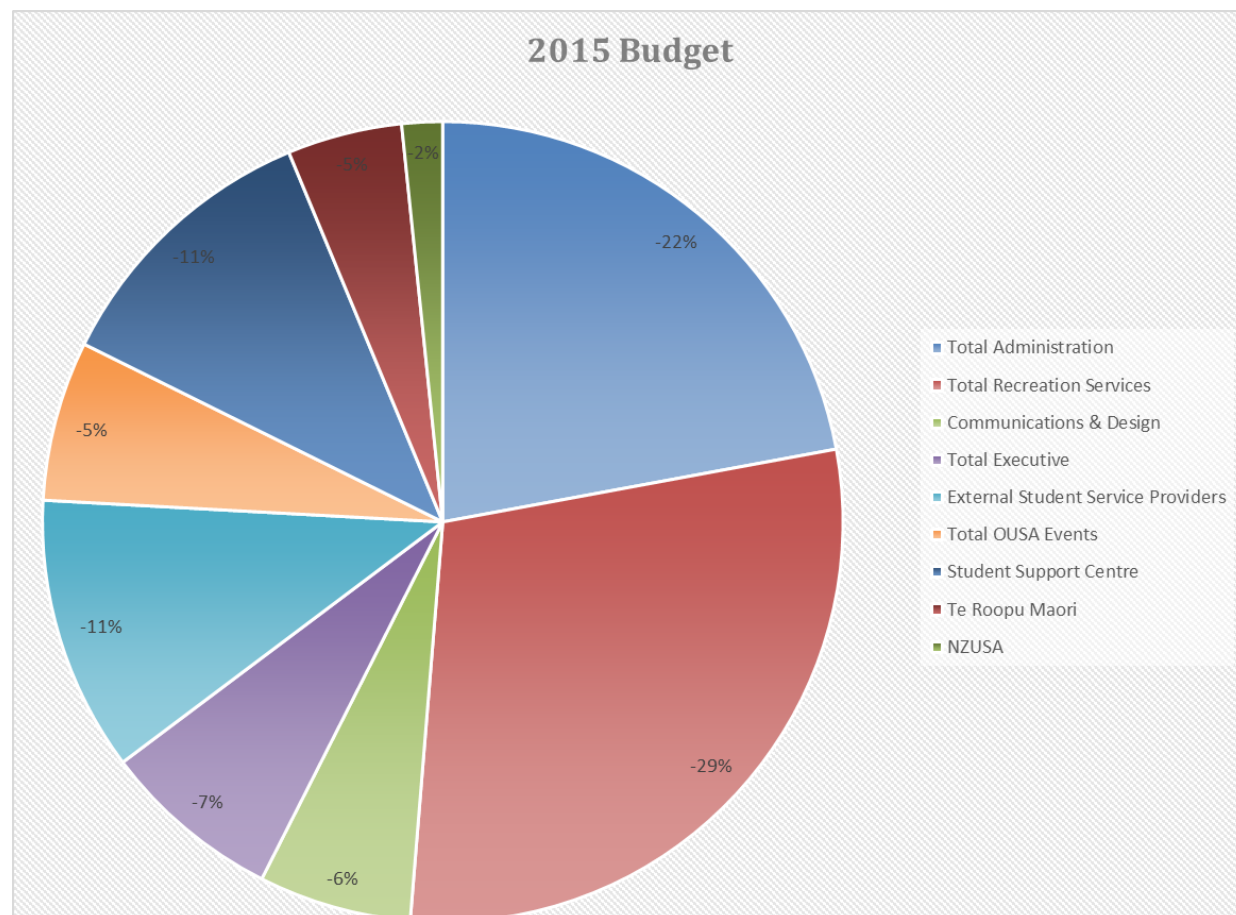
A Critic manager will be free to investigate more fully:

- Supply of content for national syndication. Old media outlets are looking for new content to attract new readership. The OUSA supplies content for two publications with the ODT – Orientation Magazine and the Craft Beer and Food Festival Programme.
- Internet income generated by national but more so international access of Critic/ Radio One content, particularly internet based. The international editor has a role here.
- Pay wall for key print focused content. Critic needs to investigate some pay wall content, perhaps driven by emerging writer contributions. One idea is to gift all new alumni pay wall access for one year when they depart and then ask them to pay a very small access charge for a designated purpose eg the volunteer development programme.

Incoming Executive budget alterations

As per s23.7 of the OUS constitution the 2015 Executive may, before any Special General Meeting or Referendum is held, alter the budget total expenditure by 5%. This gives the Executive some flexibility for 2015, including allowing 2015 Executive priorities to be resourced.

The following graph presents the operating expenses (excluding depreciation) described in the above commentary.



This table presents the operating expenses (excluding depreciation) described in the above commentary. It divides the costs into one "student dollar" and how that is allocated across the expense areas. Please note this excludes the contribution from commercial income. The SLA is agreed as a set of services for Dunedin-based students. Accordingly the OUSA has calculated the cost per Dunedin-based student based on a projected 18,000 students.

| | 2015 Budget | Student Dollar | Cost per Student |
|---|--------------------|-----------------------|-------------------------|
| Total Administration | -604,564 | \$0.22 | -\$33.59 |
| Total Recreation Services | -799,534 | \$0.29 | -\$44.42 |
| Communications & Design | -168,950 | \$0.06 | -\$9.39 |
| Total Executive | -202,717 | \$0.07 | -\$11.26 |
| External Student Service Providers | -304,276 | \$0.11 | -\$16.90 |
| Total OUSA Events | -176,785 | \$0.06 | -\$9.82 |
| Student Support Centre | -311,825 | \$0.11 | -\$17.32 |
| Te Roopu Maori | -127,000 | \$0.05 | -\$7.06 |
| NZUSA | -45,000 | \$0.02 | -\$2.50 |
| | -2,740,652 | \$1.00 | -\$152.26 |

Capital Expenditure

Non renovation Capital Expenditure is planned at \$323,900 in 2015 compared to \$365,935 in 2014, down \$42,035.

| Capital Expenditure 2015 | |
|--|----------------|
| Recreation Services | |
| Rec Centre | |
| Replace asphalt in car park (transferred from 2014) | 25,000 |
| Roof covering (transferred from 2014) | 30,000 |
| Replace tiles in shower room floors (guesstimate) | 40,000 |
| Piano - Replacing the oldest of the Centre's three pianos | 14,000 |
| Replace crockery | 2,000 |
| Aquatic Centre | |
| Shower room repairs | 25,200 |
| Canopy repairs (Guess) | 40,000 |
| Squash Club | |
| New roof (as per new Quotation) (transferred from 2014) | 58,000 |
| Re-plastering one court (guestimate based on past work) | 10,000 |
| Digital | |
| Major alteration / build to enable students to cancel their bookings | 3,000 |
| Clubs Website update | 2,000 |
| | 249,200 |
| Radio One | |
| Two lap tops for roaming promotions | 3,000 |
| Playlist software | 10,000 |
| DJ mixer | 3,000 |
| Replace Studio Tranmitter Links | 12,300 |
| Studio Monitors | 2,000 |
| | 30,300 |
| Student Support Centre | |
| External furniture | 1,500 |
| ako aotearoa knowledge base storage system | 3,000 |
| Are You OK wet weather gear | 1,500 |
| improved heating management for SSC | 500 |
| Are You OK tents contribution | 7,000 |
| | 13,500 |
| Administration | |
| Hardware for security cameras | 900 |
| Normal cycle of replacement computers | 10,000 |
| Minor works | 10,000 |
| | 20,900 |
| Communications & Events | |
| CDJ for music mixing at Events | 8,000 |
| Sound Desk, Behringer 16 channel | 1,000 |
| Branded banners and other collatorial | 1,000 |
| | 10,000 |
| Total Capex | 323,900 |