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Unis in red as grants delayed

Brendan O’Keefe, The Australian - 15 June 2005

THE University of NSW and the University of Technology, Sydney have suffered dramatic budget about-turns after a change in timing of government grants and superannuation payments.

UNSW, which banked a profit of $16.5 million in 2003, recorded a $9.9 million loss in the 12 months to December 31, 2004. UTS suffered a $21 million turnaround, posting a $12.2 million loss for the year after recording a $9 million profit in 2003.

Financial reports are showing mixed fortunes for universities: some have taken hits from the change in timing of operating grants while others are reaping the benefits of outside investments.

Vice-chancellors have expressed concern that universities’ funding has been constrained by the Government’s refusal to index grants and by Education Minister Brendan Nelson’s ruling out of any change to the 25 per cent cap on HECS increases.

In February this year, Senate Estimates was told that 10 universities were in deficit in 2003. Former DEST higher education group head Bill Burmester told the hearing: "Ten universities ran deficits in 2003. There will be an increased number in 2004. In some cases that will simply be the result of the accounting treatment of our delayed payment."

UTS chief financial officer Kevin McCarthy said the deferral of a federal Government operating grant in late 2004 caused the university an $8.5 million loss.

An actuarial reassessment related to employees’ superannuation cost the university about $2 million and the rest of the loss came from federal Government underfunding, Mr McCarthy said.

He explained that the university had a liability to employees’ super funds and that the federal Government underwrote that liability.

"Year to year we have actuaries from the super funds tell us what the movements in the funds have been and they tell us how much we have to provide for it and how much the Government agrees they will top us up for," he said.

Mr McCarthy said that over the life of the funds there would be no impact on the university cash flows or reported results but year to year there would be timing differences. "In 2003, we received $13.4 million ... that was the revenue that the Government gave the university for this super liability; $11.5 million is the cost booked in the university’s books to recognise our contribution to the super fund," he said.

"The net effect is we took a $2 million hit in our profit and loss but it has no reflection on our performance. I would call it an actuarial reassessment. The biggest single issue was the Government withholding the final payment."

UNSW said the change in timing of operating grants cost it $21.3 million. Another hit came from the writedown - by $17.4 million - in the value of land used by affiliated residential colleges.
"The impact on the 2004 results was a $6 million increase in operating expenses, a $17.4 million reduction in land valuation and an $11.4 million reduction in the asset revaluation reserve," the university said in its report.

Other losses came from a reassessment of the university's liability for long-service leave ($11.9 million) and the settlement of a dispute with the Co-operative Research Centre for Eye Research and Technology, resulting in a $6.1 million debt write-off and a $2.2 million reduction in revenue. At UTS, revenue in 2003 (at $324.6 million) outstripped expenses (at $315.6 million) by about $9 million but last year, expenses soared to $341.8 million on revenue of $329.5 million, giving a deficit of $12.2 million. Income from fees and charges increased from $86 million to $102 million and commonwealth loans increased from $15 million to $20 million, but these were offset by falls in other commonwealth payments by about $5 million.

Revenue at UNSW, including consolidated entities, was $865 million, but expenses totalled $874 million. In other financial reports: Monash University returned a profit of $38.4 million, despite losing $12 million on its South African campus. Monash increased fees and charges from $194 million to $212 million and investment income rose from $11.8 million to $16 million.

At the University of Western Australia, an increase in investment income from $39 million in 2003 to $67 million last year helped build a profit of $38 million.

**Student union fee axing risks jobs**

*Bernard Lane, The Australian - 18 June 2005*

MORE than 3118 university jobs will be at risk if the federal Government goes ahead with its plan to abolish compulsory union fees for students.

Australia's vice-chancellors made this claim yesterday when releasing the first national survey of what campus life might be like under voluntary student unionism.

John Mullarvey, chief executive of the Australian Vice Chancellors Committee, said the survey results dispelled the Government's image of large amounts of student money being diverted to politicking.

Less than 15 per cent of $170 million in compulsory union fees for 2005 would be spent on political activity and advocacy, the survey found.

"One would have assumed (from Government rhetoric) that the figure was higher," Mr Mullarvey said.

But a spokesman for federal Education Minister Brendan Nelson said the proportion of fees spent on politics was "irrelevant." "The simple principle is that students shouldn't be forced to pay any compulsory student union fees," he said, adding there would be no compromise.

In the AVCC survey, student bodies spent more of their share of fees on politics (17.2 per cent) than did universities (8.7 per cent). Clubs and societies consumed almost 6 per cent of fees.

Sport, health and welfare together accounted for about a third of student fees. These areas would support many of the 3118 jobs put in jeopardy by voluntary student unionism, Mr Mullarvey assumed. He was surprised by the "large number" of jobs at risk.

On Monday, the AVCC would return to lobbying the Government to accept a compromise that would allow universities to charge compulsory fees for various services, such as health, welfare, computing, libraries and "non-political student societies." "We're lobbying the backbenchers so they'll lobby the minister and the Prime Minister," Mr Mullarvey said.
Dr Nelson's spokesman challenged the AVCC's apparent assumption that no students would pay fees voluntarily under the new regime, thereby putting "more than 3118" jobs at risk. "That (assumption) flies in the face of the most recent experience in Western Australia where voluntary student unionism was implemented and students continued to support student unions," he said.