

# Budget 2016

September 2015

## *Introduction*

Since 2012 and the introduction of the Voluntary Student Membership (VSM) legislation, OUSA has held a service level agreement (SLA) with the University of Otago. The SLA has allowed OUSA to continue to provide a vast array of services to the students of the University of Otago. The 2016 budget sees the continuation of the SLA with the University, and the services that OUSA provides.

The structure and functioning of the funding and SLA remain relatively unchanged, with the budget made up of operational expenditure, actual depreciation and a 5% margin on operational expenditure.

OUSA continually assesses not only our performance of our services, but also where there may be gaps in our service – needs that we are currently not meeting. Gaining funding for these new initiatives is part of the negotiation of the SLA, and also involves consideration of other potential ways of funding the initiatives; due to this not all new initiatives listed will be able to be implemented in 2016.

OUSA is dedicated to ensuring it uses student money sparingly and wisely. Every dollar that is spent within OUSA is a “student dollar”. All budget lines are scrutinised to ensure budgets are realistic, accurate and focused on outcomes for students.

## *Budget descriptions*

The OUSA budget is broken down into funding for each functional area. Descriptions of the different areas are below, followed by the 2016 budget spreadsheet.

### **Admin General**

This area of the budget includes the running of the main OUSA office at 640 Cumberland Street. A small decrease in expenditure (\$900) in the 2016 budget due to reflect minor budget savings.

### **Admin Management**

Expenditure on central Association costs such as legal, accounting, payroll, staff training and kiwisaver are held in this budget area. Increased expenditure (~\$50,000) has been budgeted for this area in 2016. The increases are due to increased health and safety expenditure to ensure OUSA meets new legislative requirements (\$9,500); increased accounting costs due to OUSA moving to new accounting standards (\$6,500); increases in staff salaries (including a new position) and kiwisaver across OUSA (~\$33,000); reinstatement of funds for staff training reallocated during 2015 to allow for new initiatives (~\$1,600).

### **External Service Providers**

This area of the budget includes expenditure on Student Job search and the lease of OUSA's portion of the University Union Building – no change in expenditure is budgeted for these areas in 2016. This budget section also includes Planet Media Dunedin Ltd (PMDL). PMDL is a wholly owned subsidiary of OUSA and within it contains Radio One 91FM, *Critic* and the PMDL sales team. Expenditure on PMDL has been reduced (~\$16,500) for the 2016 budget. Reductions have been made possible by increased funding for Radio One from NZ on Air, partially offset by revised sales targets across PMDL.

### **Commercial Income**

The bulk of OUSA's income is via the SLA agreement with the University; income is also received from NZ on Air for various Radio One 91FM programmes. OUSA also earns income from investments, dividends and leasing building space. Income earned outside of the University and NZ on Air is budgeted to offset operational expenditure. There has been no change to budgeted commercial income for 2016.

### **Te Roopu Maori**

Te Roopu Maori (TRM) is an independent student's association funded through OUSA. Budgeted funding for TRM has increased slightly (\$3,000) for 2016. The increase is to cover increased staff costs and to allow a small increase in grants available to students.

### **Communications and Marketing**

The Communication and marketing department within OUSA has responsibility for all outward communications to students (including Facebook, instagram and postering) as well as a large role in Media relations; and responsibility for all OUSA design work. There have been significant changes to this department in 2015 beginning with the employment of a full-time, OUSA-wide Communications and Marketing Manager. Changes have also included the management of postering on campus, previously the responsibility of the Events department. These changes make it more difficult to compare the 2015 and 2016 budgets, but do explain the increase (~\$20,000) for 2016.

### **Executive**

The student executive budgets include funds for individual executive positions as well as more general funding such as executive training and expenditure for executive initiatives. Funding has decreased (\$19,000) for 2016 due to reductions in executive training budgets based on actual spends in recent years; ANZAC day costs shifted to the Events budget; and the removal of 125<sup>th</sup> Celebration costs (one off event 2015).

### **Student Support Centre**

The Student Support Centre (SSC) at 5 Ethel Benjamin Place offers (as the name suggests) support services to students. These services include advocacy (general, academic, tenancy, disciplinary etc) a foodbank, hardship assistance and emergency fund applications, class reps, queer support, and information and referrals to other services. A small increase (~\$2,000) is budgeted for 2016 due to a number of minor operational cost increases.

### **Events**

The OUSA Events department is responsible for running all major (and some minor) OUSA events for Otago students. The events team runs everything from Orientation to Market Days and everything in between. An increase (~\$6,000) has been budgeted for 2016 which includes small increases over a number of events and increases in staff salaries. A new initiative aimed at reducing Orientation ticket prices is included in the new initiative section of the 2016 budget.

### **Recreation**

The Recreation budget at OUSA includes operating expenditure for all OUSA recreation facilities (Cubs and Socs, Aquatic Centre, Squash Courts and Yacht Club) as well as assistance for student clubs and groups; and the cost of running the recreation programme. Expenditure for Recreation for the 2016 budget has reduced (~\$81,000) from the 2015, this is due mainly to staff reductions and revising of general operating expenditure; and NZ University Games not running 2016.

**Otago University Students' Association Budget bid 2016**

<b>Area/Department</b>	<b>2015</b>	<b>2016</b>	<b>Difference</b>
<b>Advocacy</b>			
Student Support Services	-\$286,825	-\$289,041	-\$2,216
Executive activities	-\$237,717	-\$218,717	\$19,000
Te Roopu Maori	-\$127,000	-\$130,000	-\$3,000
Admin overhead	-\$156,423	-\$196,001	-\$39,578
	<b>-\$807,965</b>	<b>-\$833,759</b>	<b>-\$25,794</b>
<b>Employment</b>			
Student job search	-\$22,500	-\$22,500	\$0
Admin overhead	-\$5,519	-\$6,915	-\$1,396
	<b>-\$28,019</b>	<b>-\$29,415</b>	<b>-\$1,396</b>
<b>Media</b>			
Planet media	-\$209,000	-\$192,434	\$16,566
Communications	-\$168,950	-\$189,080	-\$20,130
Admin overhead	-\$93,574	-\$117,250	-\$23,676
	<b>-\$471,524</b>	<b>-\$498,764</b>	<b>-\$27,240</b>
<b>Clubs and societies</b>			
Aquatic centre	-\$70,825	-\$74,570	-\$3,745
Yacht and kayak club	-\$7,970	-\$8,493	-\$523
Squash courts	-\$11,435	-\$11,460	-\$25
Club development	-\$79,700	-\$82,650	-\$2,950
Nz Uni Games	-\$58,900	-\$16,150	\$42,750
Admin overhead	-\$47,416	-\$59,414	-\$11,997
	<b>-\$276,246</b>	<b>-\$252,737</b>	<b>\$23,510</b>
<b>Sports and recreation</b>			
Recreation Centre	-\$570,704	-\$524,929	\$45,775
Events	-\$176,784	-\$214,984	-\$38,200
Admin overhead	-\$210,911	-\$264,275	-\$53,364
	<b>-\$958,399</b>	<b>-\$1,004,188</b>	<b>-\$45,789</b>
<b>Operating total</b>			
	<b>-\$2,542,153</b>	<b>-\$2,618,863</b>	<b>-\$76,710</b>
Building lease University Union	-\$72,776	-\$72,776	\$0
Depreciation	-\$459,073	-\$419,431	\$39,642
Margin (5% total operating)	-\$169,448	-\$161,854	\$7,594
<i>Less Commercial income</i>	<i>\$152,000</i>	<i>\$152,000</i>	<i>\$0</i>
	<b>-\$3,091,450</b>	<b>-\$3,120,924</b>	<b>\$29,474</b>

## *New Priorities*

Every year OUSA assesses its spending priorities, and seeks feedback from students regarding the services it provides, as well as additional services that would be useful for students. A number of new priorities have been identified for the 2016 budget. As these priorities would be in addition to current services there is no guarantee that they will receive funding or be provided in 2016. All new priorities will be included in SLA negotiations with the University; other funding avenues will also be explored.

### **Orientation**

Due to funding constraints, a requirement for the Events team to make a 5% return on ticket sales was introduced in 2015. On reflection this is not a realistic goal as it caused an increase in ticket price, which we believe contributed to much lower sales of superpasses in 2015. Not only is this a financial issue for OUSA, it is also a Health and Safety issue for our members. OUSA runs amazing and entertaining events where there is a strong focus on the health and safety with groups such as Are U OK? and Red Frogs. This initiative increases the cost of Orientation by \$120,000

### **Hardship Fund**

OUSA has received feedback from students regarding the need for an extension to the current hardship fund. The current hardship fund is very small; there is a recognised growing need for assistance for students that are struggling to meet basic living costs. OUSA already has robust policies around the granting of hardship funds, however these will be re-examined to ensure procedures relating to the granting of such funds are appropriate. The hardship fund will increase by \$5,000.

### **International Club MoUs**

This initiative will increase the funding available specifically for international clubs. This will be an extension of the current MoU policy. The increase for specific MoUs is \$15,000.

### **Sports Administrator**

The introduction of a Sports Administrator position will complement the work of the current Clubs Development Officer. The new position will help clubs to source external funding grants and ensure the change-over between club executives each year is smooth. Wages and associated costs for this position are estimated at \$50,000.

<b>New initiatives 2016</b>	<b>Cost</b>
Orientation	\$120,000
Hardship fund	\$5,000
International Club MoUs	\$15,000
Sports Administrator	\$50,000
<b>Total</b>	<b>\$190,000</b>

## Capital Expenditure

Along with normal operational expenditure, OUSA also spends some of its funds on capital expenditure. Capital expenditure are items of more than \$500 value that have a 'long-life expectancy'. For example every year some computers and electronic equipment is upgraded. Capital funding is also used for building upgrades and significant renovations. Capital expenditure is funded from the depreciation component of the SLA with the University. Any funds not spent in any one year are put aside for future major capital works, such as the upgrade of Clubs and Socs in 2013/14.

Capital expenditure for upgrades to computers and electronic equipment are determined by our upgrade plan, as well as contingency funds for any unexpected equipment failures or new purchases. Building capital expenditure is determined by our 10 year maintenance and upgrade plans.

The spreadsheet below details expected capital expenditure for 2016. Expected total capital expenditure is well within our allowed capital expenditure limits and will allow further 'banking' of future capital works funds.

<b>Item</b>	<b>Expected cost</b>
<i>Recreation @ OUSA</i>	
<i>Clubs and Socs</i>	
Resurface carpark (transferred from 2015)	\$30,000
Replace tiles in shower areas (transferred from 2015)	\$40,000
Replace recreation equipment	\$5,000
<i>Aquatic Centre</i>	
Upgrade bathroom facilities	\$15,000
New storage	\$50,000
<i>Squash courts</i>	
New roof (transferred from 2015)	\$60,000
<i>Student Support Centre</i>	
Upgrade heating system	\$1,000
CMS system	\$3,000
<i>Central Capital</i>	
Annual computer and electronic upgrades	\$12,000
Minor upgrades for facilities	\$15,000
<b>Total expected capital expenditure</b>	<b>\$231,000</b>

### *Incoming Executive Budget Alterations*

As per s23.7 of the OUSA constitution, the incoming 2016 executive may, before any Special General Meeting or Referendum is held, alter the total budget expenditure by 5%. This gives the incoming Executive some flexibility in expenditure, this is important as the OUSA budget is written prior to the incoming Executive taking up their positions.