

14 October 2016

Review of Local Government Rating System
Independent Pricing and Regulatory Tribunal
PO Box K35,
Haymarket Post Shop NSW 1240

Background

Charles Sturt University is regionally based with campuses in cities of Albury, Bathurst, Dubbo, Orange, Port Macquarie and Wagga Wagga. It has a presence in other centres, but does so through partner arrangements. The campuses comprise a mix of freehold and land under Crown Reserve with dedications for education and University purposes. The University is a significant presence for each of these local government areas and can claim direct credit for the economic development for many of these regions. In a report commissioned independently through the Western Research Institute, it found that the University contributes \$800M in Gross Regional Product (GRP) and the equivalent to almost 6,000 FTE in employment in its Northern (Port Macquarie), Central (Bathurst, Dubbo & Orange), Sydney and Southern regions (Albury and Wagga Wagga).

Position

The University notes IPART's recommendation for rating to be a land-use base rather than the nature of the entity. It is noted further, that University functions for student accommodation be "deemed commercial" and become rateable.

The University operates a range of facilities, but all facilities exist and are used for support of the University's core function of teaching at a tertiary level and research. The University operates approximately 3,000 beds across its campuses, it operates several child care centres and farming operations, however, all these assets are applied for the purposes of teaching and research. The imposition of Council rates will be a severe imposition, which cannot be passed on and would mean a reduction in services and a devaluation of the offering made to students of the University. In the instance of Charles Sturt University, it has the second highest proportion for low SES students (17.3% of enrolments, 2015 data) in the sector.

The University strongly opposes this recommendation and makes the following case in support its claim.

Basis for University's position

There are many grounds on which the University submits as to why this proposal is unjust.

1. The University operates as a not-for-profit entity. Ancillary services which collect revenue exist as a necessity to provide a service solution to support the core foundation of the University.

The Australian Taxation Office (ATO) has assessed the commercial activities of Universities and considers the institution to be exempt wherever any so called profits are applied for the altruistic purposes of the institution. More specifically, the ATO allows an exemption from GST for the provision of accommodation services where facilities are provided and it can be demonstrated that the level of rent is 75% or less than an equivalent market rate in recognition of the non-commercial nature.

In Charles Sturt University's case, it has its accommodation operation assessed annually in accordance with the ATO's test and has been continuously been beneath the 75% market value threshold.

Whilst commercial in operation, it is not a commercially profitable activity in practice. When all directly attributable costs are taken into account and without applying University administrative overheads, the University makes an annual loss in the vicinity of \$3M for its residential operations, this being equivalent to \$1,000/bedroom.

The provision of accommodation is of a periodic nature. Services are only offered for the period of time during which full-time on campus teaching is delivered. Full time students attend 24 weeks of classes & 4 weeks of exams, a total of 28 weeks per year, representing 53.8% of the year.

Furthermore, in Charles Sturt University's case, many rooms are offered in the proviso that they are vacated during semester break times. This is to facilitate the residential school activity for on-line and distance students attending residential schools. In these instances, students are required to attend campus for a short period (1 to 5 days) to learn and complete practical skills which can't be perfected remotely. Residential Schools are held during three (3) separate periods totalling seven (7) weeks duration. This means that that for a large proportion of rooms do not meet the definition of "Residential Activity" as the accommodation is not occupied by the same resident continuously for a period of three (3) months or greater. The longest continuous period for these students would be eight (8) weeks, (6 weeks teaching + 2 exams).

University accommodation facilities are offered on a restricted use basis. They are available to University students only. Students in residence must abide by the University's code of conduct in order to remain, which includes guidelines on what can & cannot be done & how the space provided may be used and how one is required to behave whilst in residence.

The provision of accommodation on campus is not profit focussed. Rather, the philosophy is to provide 'a collegial community' with a supportive framework which focuses on out of classroom learning experiences and provision of personal developmental opportunities for students to grow and mature personally as well as academically.

2. The line between accommodation and educational facilities has become increasingly blurred. Within residences, academic tutor programs operate. The residences are connected to the University's information technology network and so can access from these facilities services such as library, the replay of lectures and their learning materials, including on-line forums.

The residential operation is supported by a pastoral care network, an academic tutoring program and life in residence is about the whole individual. This is an important part of the development of a student graduate and not something that occurs in an off-site facility nor a commercially operated accommodation facility. As such, accommodation facilities are not comparable to either commercial or off-site accommodation. Life in residence offers a significant contribution to the graduate learning outcomes of a student.

3. The University operates a number of other quasi-commercial activities. This would include child care, health and veterinary clinics and farming operations. In the case of child care, it services staff and students, as well as community patrons, accommodated in facilities that will also support student placements and observation stations and so are actively used in the education program. With the farms, health and veterinary clinics, these directly support the academic and research programs, including compulsory student work placement of the University and that they may engage in some commercial activity is incidental to their fundamental purpose and represents a partial cost recovery only.

There are also non-university operators of other services on the University campuses, including a medical centre, church based residential college, child early intervention services, a child care centre and some community arts groups. These either support teaching and student placement services or not-for-profit services to the community. The church based residential colleges operate similarly to the University's residences and comments made above will apply equally.

4. Charles Sturt University provides substantial public benefit to its communities, generally without charge or cost recovery. This includes campus paths and walkways, public roads, library facilities, halls and convention centres, green spaces and sporting & recreational fields.

These are all serviced by the University at its cost, yet they serve as community assets which are utilised without any community contribution. Campuses are often the host site of community events, fundraising activities to support broader causes such as Relay for Life. Sporting clubs and regional sporting associations will utilise the sporting fields, often as the respective Council may not have sufficient facilities to service the needs, and other University facilities may host a range of cultural and community interest groups. In Charles Sturt's instance, it maintains a specialist performance event venue centre, equestrian facilities and is a regional archive centre. These are all provided as part of the University's community engagement program and are seen as an important part of what a regional university is called to do on behalf of its communities. These facilities and services are offered at no cost or cost recovery. In a limited number of instances, a minor charge may apply where the community event may have some commercial nature.

The University has numerous public facilities that are made available for the general public and so act with public interest and in support of the community. It would be seem as inequitable for IPART to recommend a rating system where such public benefit accrues to the community across a whole range of University assets and facilities.

The University submits to each respective Council for any planning and associated infrastructure developments. The University pays for all planning contributions however, maintains at its own cost all the underlying infrastructure within and adjoining its campuses for such things as water, sewer, telecommunications and high voltage electricity where these items of infrastructure also support community and developments beyond the University.

5. In the instance of the two largest campuses, the majority of the campus infrastructure resides on Crown Land. The University is the custodian and administers the land on behalf of the Crown. Being Crown, it identifies that the land is not commercial in nature, cannot be sold for gain by the University and that it must be used for the purposes the land is dedicated.

The University takes seriously its responsibility for the Crown Land. The University behaves as though it were a Council in itself in that it acts as custodian of Crown land and indeed all of its assets and infrastructure. The University has a responsibility for planning & community development and support, as well as the care and maintenance of long term community assets, including sustainable land use and care for the environment.

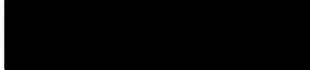
6. The imposition of rates on student accommodation could not realistically be recovered from students and would represent cost-shifting from the local to Federal government levels. Given the state of the Federal budget, with cuts to Commonwealth support for universities still appearing in the forward estimates, this would have a severe impact on universities with a knock-on effect to communities, particularly in regional areas.

The University is able to provide further information and data to support its position and would be pleased to have discussion with IPART in order to ensure that the University's position is fairly considered.

As a regional University, its relationship with local government is important part of its community engagement program and would hope that this is fully considered in this review.

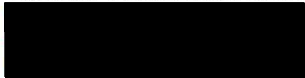
Further information may be directed to:

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Or

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Yours sincerely



Professor Andrew Vann
Vice-Chancellor