

## CAUTHE Financial Understanding and Considerations

### Executive Summary

CAUTHE has been steadily building its financial resources since 2009 and is currently in a relatively strong and stable position. Despite potential risks with the 2022 Conference and conferencing more generally in these times, there is no reason why the association cannot continue to grow this resource.

CAUTHE has three major business streams

1. journal
2. membership
3. conferences.

Recommendations for these streams are:

#### Journal

- CAUTHE retains \$2k p.a. of the Journal's Editorial stipend as a contribution towards the costs of the Secretariat.
- CAUTHE retains 50% of the remainder as 'general revenue'.
- The Editor of the Journal has budget authority to invest the remaining 50% in activities at their discretion to drive the development and circulation of the Journal without seeking permission from the Executive – although annual acquittal is mandated by the Editor's report.
- Develop a 'teacher's resource' guide to help academic colleagues bring the contents of the Journal to their audience of students.

Based upon this, we can be reasonably confident of accruing approximately \$4k each year from the Journal.

#### Conferences

Develop a return and re-investment dividend policy wherein:

- a. CAUTHE explicitly retains \$5k of the conference income as a contribution towards the costs of the Secretariat, and
- b. CAUTHE explicitly retains the balance of the conference income as "general revenue"

Based upon this, we can be reasonably confident of seeing accruing approximately \$1k each year coming from the Conference.

#### Membership

- CAUTHE explicitly allocates an annual budget of \$5k for the Secretariat to manage the membership activities.
- CAUTHE explicitly retains the remaining \$30k of the membership income as a contribution towards CAUTHE "general revenue".
- Continue to push memberships, especially to Chapters, the largest growth field being in the non-university sector, and to the employees at those institutions as Associate Members.

Based upon this, we can be reasonably confident of accruing approximately \$30k each year from membership.

#### Summary

- 1 CAUTHE has approximately \$110k in the bank.
- 2 CAUTHE has an annual discretionary surplus of about \$7k.
- 3 If CAUTHE wishes to grow its financial capacity to support member benefits and good works, the association will need to increase the revenue streams, and seek to reduce costs and/or eat into the nest egg in the bank account.

## Background

The purpose of this paper is to more fully update the Executive and Chapter Directors on CAUTHE and its financial well-being, especially in terms of its major income streams and risk exposures and our capacity to cope with future challenges.

As much as possible, this paper tries to be “values free”: it is focussed on how CAUTHE manages its “commercial” operations (all things being equal and under normal circumstances). It does not seek to engage in any discussion about how CAUTHE should deal with its existing reserves or future income, either now or in the future, nor its commitment to supporting various interest and equity groups and good works. My main focus is on seeing what we are likely to have into the future. I am also keen for us to start recognising the role of the Secretariat in supporting these activities, along with the overall administrative role in running the organisation.

As we work through this paper, it is appropriate to pause and reflect on CAUTHE’s genesis and journey to date. Whilst our mission remains largely consistent over time, our administrative structure has changed considerably. Originally, CAUTHE was “owned and operated” by the Deans – all senior positions were held by the Deans and all administrative support was provided out of the Dean’s office @ UQ, and in their positions as Deans 30 years they had much more budget control. Over time, CAUTHE has had to become more independent, more democratic and more commercially focussed and viable. To the best of my knowledge, we have not had a Dean on the Executive for some time. I think we have succeeded in doing that whilst still hewing to our fundamental mission.

In terms of the **bank**, as you can see below, we have been slowly but surely building our resources over the years.

YEAR END	Bank Deposits \$	Just some explanatory comments where needed
2009	52,425	
2010	68,639	Remittance cheque from Academic Press for CAL royalties & UTAS conference donation
2011	58,068	First website re-development.
2012	60,882	Second website re-development
2013	64,338	
2014	70,093	Third website redevelopment
2015	93,402	A good cheque (UniSA donation)
2016	101,286	
2017	105,285	
2018	124,257	
2019	126,555	
2020	105,285	Bearing in mind that in late 2020 we settled a \$30k superannuation adjustment for the Secretariat.
2021*	110,000	Includes 2021 Conference wash up and remittance from Elsevier.

At this point in time, my views are:

- 1 Interest rates on deposits are negligible, but we need to deposit the money somewhere and somehow earn some interest income.
- 2 We leave our banking arrangements as they are.

All things being equal, this is the strongest we have ever been and paints a positive picture for our future. Despite potential risks with the 2022 Conference and conferencing more generally in these times, there is no reason why we can’t continue to grow this resource.

## Discussion

At heart, CAUTHE has developed three major business streams:

- The Journal
- Membership
- Conferences

### Journal

In terms of the **Journal**, CAUTHE went to great lengths to secure ownership of the Journal back in 2010, and after a few hiccups, formed a relationship with Elsevier in 2015, which is in the process of being renewed for the next five years from end-2021. Critically, we were able to move the journal from an annual expense (we spent \$4k in publishing the Journal in 2008) to an income producing asset. Since that time, the Journal has made an increasingly significant contribution to CAUTHE's finances, and its stature and reputation. This is, in no small part, due to the excellent and hard work of the Editor and the Editorial Team and the Editorial Board, and most significantly the current editor, Professor Marianna Sigala. The Journal is now in the citation index, and whilst there are no guarantees in life, the future is very promising.

As you can see from the table below, the income from the journal is strong and increasing. As you know, the remittances from the publisher are driven by the subscriptions of the Journal as well as downloads.

YEAR RECEIVED	AU\$
2016	3,881.67
2017	5,344.08
2018	8,417.36
2019	9,824.93
2020	9,202.43

At this point in time, my views are:

- 1 We develop a return and re-investment dividend policy wherein:
  - a. CAUTHE explicitly retains \$2k p.a. of the Journal income as based on "last year's receipt" as a contribution towards the costs of the Secretariat, AND
  - b. CAUTHE retains 50% of the remainder as "general revenue".
  - c. Of the remaining 50%, the Editor of the Journal has budget authority to invest in activities at their discretion to drive the development and circulation of the Journal without seeking permission from the Executive – although annual acquittal is mandated.
- 2 Within the clear limits of appropriate, ethical conduct, we develop a "teacher's resource" guide to help academic colleagues bring the contents of the Journal to their audience of students. Obviously, this needs sensitivity and care, especially with regards to the ethics of "promoting" our Journal. But, developing a resource to help teachers find relevant, meaningful and valuable articles published in the Journal will enhance the students learning experience, better support our teaching colleagues, and drive the Journal's acceptance, use, downloads and citation index.

Based upon this, we can be reasonably confident of seeing a good \$4k going into our bank each year from the Journal.

### Conference

In terms of the **conference**, there are a few things in play. In the first instance, we sought to create an income stream from the Conference for CAUTHE and so since the mid 2000s we charged the host institution a “naming fee” based upon the number of full delegate registrations. At the 2020 AGM, we made the decision to bring “conference administration in house” so that CAUTHE would have greater control over the conference revenues whilst also giving smaller institutions the opportunity to host a conference (with CAUTHE providing the digital infrastructure). And, as we all know, in 2020 CAUTHE committed to running the 2021 conference itself. Whilst there is still some conjecture as to how future CAUTHE conferences will be delivered (especially in terms of f2f v online or some combination therein), we need to be clear in our minds that we have committed to housing all of this digital administrative capability in house, and that future convenors, be they from large or small, university or not, Australia or New Zealand, or CAUTHE itself, we continue to use the EventsAIR platform through ForumGroup for Membership integration, Registration and Conference execution, and Paper Management: recent work in this area has affirmed our view that the EventsAIR system is fit for purpose – we just need to invest a bit of time properly setting it up to meet CAUTHE’s ongoing needs.

So, in terms of the larger income issues, we can see that the Conference income back to CAUTHE has ebbed and flowed over the years, and still remains a little uncertain, especially given the impact of the conference location on registrations (delegate numbers). The discussions regarding the 2022 conference continue and so we need to be cautious.

YEAR	DELEGATES	NAMING FEE AU\$
2013	175	2,671.14
2014	247	6,175.00
2015	187	5,620.60
2016	223	3,175.00
2017	244	4,378.02
2018	206	3,100.00
2019	216	3,500.00
2020	276	6,175.00
2021	251	6,381.00

At this point, my views are:

- 1 We develop a return and re-investment dividend policy wherein:
  - a. CAUTHE explicitly retains \$5k of the conference income as a contribution towards the costs of the Secretariat, AND
  - b. CAUTHE explicitly retains the balance of the conference income as “general revenue”

Based upon this, we can be reasonably confident of seeing a good \$1k or so each year coming into our bank account from the Conference.

### Membership

In terms of **membership**, we need to recognise the almost parallel relationship between conference registrations and memberships. This should not be surprising given that the conference member discount is equal to the CAUTHE annual membership fee. It is worth noting that back in 2003, the only members were the “chapters” comprising solely of Australian Universities – of which there were 24 members. Since then, CAUTHE has opened up chapter membership to include New Zealand institutions AND non-university higher education providers. As well, CAUTHE has created the associate membership and student membership for individuals, and the affiliate membership for organisations not explicitly involved in education. Current membership profiles are:

YEAR	Associate	Student	Chapter	Affiliate	TOTAL	MEMBERSHIP INCOME \$	MEMBERS WHO ATTENDED	TOTAL DELEGATES
2009	78	16	19	3	116	19,201	44	184
2010	125	19	22	3	169	26,915	109	219
2011	134	38	25	4	201	24,920	105	223
2012	150	50	26	3	229	34,898	101	213
2013	143	37	26	4	210	28,622	77	175
2014	133	47	26	5	211	25,121	95	247
2015	99	41	25	5	170	27,204	63	187
2016	136	54	30	5	225	31,488	114	223
2017	152	55	31	3	241	33,936	131	244
2018	118	60	33	3	214	31,182	83	206
2019	145	56	33	5	239	34,928	140	216
2020	164	64	33	5	266	42,551	178	276
2021	149	92	33	5	279	October?	110	251

Critically, it is important to note the different subscription costs: \$400 Chapter, \$110 Associate and \$55 Student. None the less, it suggests that we should continue to have more than 220 members, there or there about, which allowing for the mix of membership classes and their different subscription rates, give us total membership revenue in the vicinity of \$40k.

However, against this we need to allow \$5k p.a. for the integrated membership management system, leaving a net balance of about \$35k.

At this point, my views are:

- 1 We develop a return and re-investment dividend policy wherein:
  - a. CAUTHE explicitly allocates an annual budget of \$5k for the Secretariat to manage the membership activities.
  - b. CAUTHE explicitly retains the remaining \$30k of the membership income as a contribution towards CAUTHE “general revenue”.
- 2 We continue to push memberships, especially to Chapters – the largest growth field being in the non-university sector, and concomitantly, to the employees at those institutions as Associate Members.
- 3 We may also wish to reflect on the emerging dominance of the student membership and the capacity of a relatively smaller full membership to underwrite their subsidies.

Based upon this, we can be reasonably confident of seeing a good \$30k or so each year coming into our bank account from membership activities.

## General

In total, that means that from its three core business activities, CAUTHE brings in a net \$35k each year to fund the corpus of CAUTHE's operations, as well as make investments in special projects as deemed appropriate.

In terms of the core operations, CAUTHE has an administrative overhead of about \$5k p.a. The Secretariat's work on the organisation's administration (including meetings, minutes, communications and so on) is about \$22,600 p.a. – a total of about \$27,600 pa. – leaving a balance of about \$7k from the aforementioned \$35k.

It is important to note that the 2021 Conference created an anomaly wherein the Secretariat undertook extensive PCO duties. That was a one off and will not happen again: future conference budgets will provide for additional administrative support.

The Secretariat has seen her workload increase over the past few years (excluding the CAUTHE 2021 exercise). It has moved from 30 to 40 hours per month. The monthly fee currently stands @ \$2,800 giving an annual budget of \$33,600. As such, we can look at the time allowance and costings for the Secretariat accordingly across the key roles and tasks:

<b>MAJOR ACTIVITY</b>	<b>TIME ALLOWANCE %</b>	<b>BUDGET ALLOWANCE \$</b>	<b>COMMENTS</b>
The Journal	6	2,000	Paid for by that activity
The Conference	15	5,000	Paid for by that activity
Memberships	15	5,000	Paid for by that activity
General Administration	64	22,600	To be covered out of central funds
<b>TOTAL</b>	<b>100</b>	<b>33,600</b>	

At this point, my views are:

- 1 We keep a watchful eye on how CAUTHE's various activities demand the Secretariat's time and energy. The current allocation seems appropriate.
- 2 We continue to focus on automating as many of our administrative functions as possible.
- 3 We support the Secretariat's role as its moves from administration to more strategic activities which will continue to diversify the income base, increase membership numbers, enhance member benefits and grow the organisation more generally.

## Summary

In summary, this means that we should have an annual discretionary surplus of about \$7K. We can elect to save all of this, or spend it on discretionary good works: PhD workshops, SIGs, bursaries, and other activities that support our core mission.

MAJOR ACTIVITY	NET CONTRIBUTION	COMMENTS
The Journal	4	The Journal is a strong contributor.
The Conference	1	The conference can be expensive and risky – we do need to be careful, especially with its concomitant impact on Membership numbers.
Memberships	30	The more we automate membership management, the greater the contribution, the stronger the conference registrations and thus the better the membership numbers.
General Administration	-28	Supporting the Secretariat to drive membership is vital.
TOTAL	7	What we have left for “discretionary and good works”

And how have we spent that discretionary money?

ITEM	2020	2019	2018
Bursaries	55	5,884	10,300
PhD Workshop	0	269	0
SIGs	0	870	2,342
Standards Project	1,165	405	0
TOTAL	1,220	7,428	12,642

There have been some big swings that may suggest a more strategic and disciplined approach is warranted. Where and how much money is allocated is a collective decision for the Executive.

So, what does all of this mean?

At this moment, the Executive is not pressed to act on any of this information. However, as it prepares for the 2022 Conference negotiations with Griffith University and considers other initiatives, it may well wish to consider the following reiteration of my earlier comments:

- 1 We have about \$110k in the bank.
- 2 We have an annual discretionary surplus of about \$7k.
- 3 In short, if we wish to grow CAUTHE’s financial capacity to support member benefits and its good works, we will need to increase our revenue streams, AND seek to reduce our costs and/or eat into our nest egg bank account of \$110k.

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