



COMO WEST PARENTS & CITIZENS ASSOCIATION

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BASC contribution to P&C activities and fee review

For Discussion
10 February 2021

Context

- BASC is operated under a license from Department of Education, for which we pay a 'special' P&C fee of ~ \$19K pa that flows to the school (versus ~\$63,300 for commercial operator).
- BASC is operated by P&C to provide a service for school families **and also** as a vehicle to fund services, staff and equipment for the school.
- Between 2017 and 2020 we have donated an average of \$77K per year to the school (excluding \$330k turf and nature based playground)
- Funded Items include:
 - School learning support officer (3 years), Learning Assistance and Support teacher (3 years), Computer lab, smart boards, ipads, BASC Building cladding, defibrillator, canteen upgrades, air conditioning, Athletics, Reading Eggs, new playground

Context....

- Donations for the past 4 years have largely been from cash reserves that have now been significantly depleted
- BASC fees have not increased for at least 8 years
- We are unlikely to be able to maintain donation to the school at current levels without an adjustment to BASC (and other P&C services) fees
- We need to ensure that the BASC remains financially healthy and stable
- In 2019 BASC made a loss of \$11,621 and is forecast to make a loss in 2021

Questions to consider

- Should P&C continue to run the BASC and use BASC income to support donation to the school?
- If so, should fees for BASC services be increased? If so, what level of increase?
- Should other fees for other P&C services be increased? If so, what level of increase?



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Financial analysis supporting the review of the current BASC fees

Financial Overview 2017 – 2020 Actuals and 2021 Forecast

	2017	2018	2019	2020	2021 Baseline Case	2021 Best Case
INCOME						
BASC Fees	\$421,328	\$420,121	\$372,727	\$220,308	\$372,727	\$421,328
Vacation Care Income	\$81,545	\$79,037	\$67,342	\$46,934	\$67,342	\$81,545
Other	\$1,968	\$3,906	\$251	\$277,460	\$251	\$1,968
Total	\$504,841	\$503,064	\$440,320	\$544,701	\$440,320	\$504,841
EXPENDITURE						
BASC Expenses	\$193,894	\$205,642	\$222,134	\$249,953	\$254,952	\$254,952
Vacation Care Expenses	\$47,050	\$54,874	\$67,264	\$67,199	\$68,543	\$68,543
Other Expenses	\$106,790	\$171,564	\$162,543	\$164,243	\$167,528	\$167,528
Depreciation	\$0	\$41,875	\$0	\$0	\$0	\$0
Total	\$347,734	\$473,956	\$451,941	\$481,395	\$491,023	\$491,023
OPERATING PROFIT	\$157,107	\$29,108	(\$11,621)	\$63,306	(\$50,703)	\$13,818

Operating profit excludes donation to school

2017 and 2018 figures taken from detailed P&L provided by bookkeeper

2019 figures taken from audited financial statements

2020 figures taken from final draft of 2020 financial statements (not yet signed)

Scenario Analysis – 20% revenue increase

	2021 Baseline Case	2021 Best Case	20% revenue increase	
			2021 Baseline Case	2021 Best Case
INCOME				
BASC Fees	\$372,727	\$421,328	\$447,273	\$505,593
Vacation Care Income	\$67,342	\$81,545	\$80,810	\$97,854
Other	\$251	\$1,968	\$301	\$2,362
Total	\$440,320	\$504,841	\$528,384	\$605,809
EXPENDITURE				
BASC Expenses	\$254,952	\$254,952	\$254,952	\$254,952
Vacation Care Expenses	\$68,543	\$68,543	\$68,543	\$68,543
Other Expenses	\$167,528	\$167,528	\$167,528	\$167,528
Depreciation	\$0	\$0	\$0	\$0
Total	\$491,023	\$491,023	\$491,023	\$491,023
OPERATING PROFIT	(\$50,703)	\$13,818	\$37,361	\$114,786
P&C Donation	\$50,000	\$50,000	\$50,000	\$50,000
NET PROFIT	(\$100,703)	(\$36,182)	(\$12,639)	\$64,786
Future additional costs - unknown	?	?	?	?

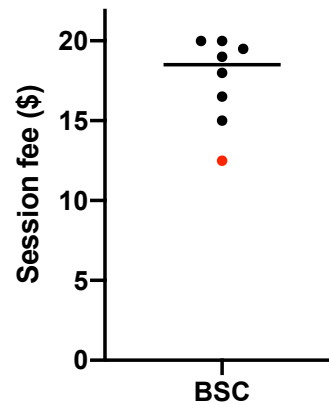
- A 20% increase to projected revenues against each scenario would result in a \$13k loss in the baseline case and \$65k profit in the best case all other things staying equal after donating to the school.
- Assumption that all other things stay equal is unrealistic meaning projected positions are arguably overly optimistic as other increases to expenditure will likely be incurred. For example, the increased use of the 3 / 4 casual staff that were employed in 2019 – this would be more so in the best case scenario.
- There is always a risk that price increases lead to reductions in attendance should the price / demand relationship be elastic. For this reason a review of rates vs the market should be undertaken but also the likely net impact to the consumer, taking into account child care subsidies.

It is assumed a further \$25k would be contributed to the school from other fundraising activities

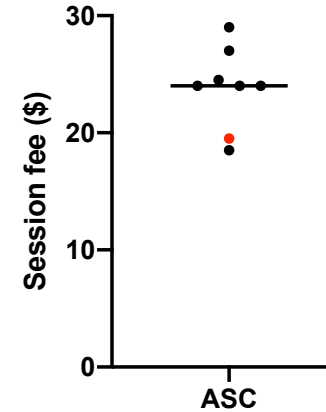
Fee Landscape – comparison to other local centres

Fee category	CWPS Current rate (\$)
AM – Perm	12.50
AM – Casual	14.00
PM -Perm	19.50
PM - Casual	21.00
Vacation care	
Short day	31.50
Long day	46.50

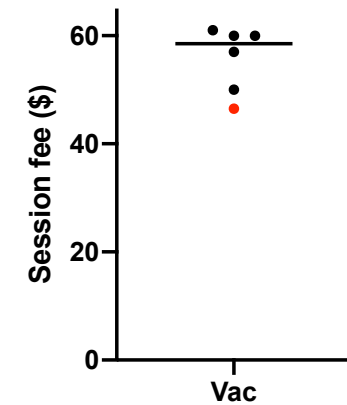
Before school fees



After school fees



Vacation care fees



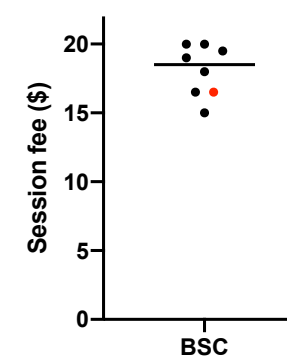
Fee category	Grays Point(\$)	Miranda PS	Janalli PS	Bonnet Bay/Oyster Bay/ St Catherines	St Pats	Laguna Street	Lady Fatima	Average
AM – Perm	20.00	19.50	19.00	16.50	20.00	15.00	18.00	18.30
AM – Casual	23.00	21.50	21.00	20.00			20.00	21.10
PM -Perm	24.50	24.00	24.00	18.50	29.00	24.00	27.00	24.43
PM - Casual	27.50	26.00	26.00	23.00			29.00	26.30
Vacation care								
Short day								
Long day	57.00		60.00	50.00	61.00	60.00		57.60

Notes: December P&C meeting suggested raising rates for AM perm to match Jannali East. Jannali East has been removed as they recently had their rating downgraded from 'meeting' to 'working towards' under the ACEQAs National Quality framework benchmark. Further comparison services have been added

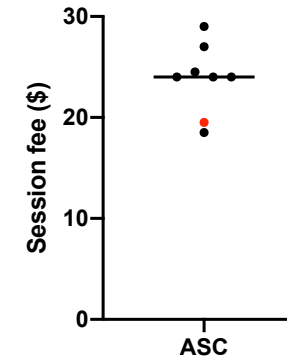
A potential adjustment – match Bonnet Bay/Oyster Bay/ St Catherine’s

Fee category	CWPS current (\$)	Proposed new rate (\$)	Change (\$)	Proposed increase (%)
AM – Perm	12.50	16.50	4.00	32
AM – Casual	14.00	20.00	6.00	43
PM -Perm	19.50	19.50	-	0
PM - Casual	21.00	23.00	2.00	9.5
Vacation care				
Short day	31.50	37.80	6.30	20
Long day	46.50	51.15	4.65	10

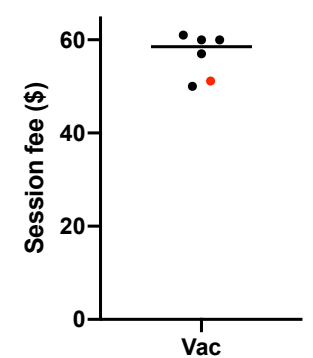
Before school fees



After school fees



Vacation care fees



- Fees remain under the average of local comparisons (see below)
- Casual remains 8-12% higher than permanent fee.
- Overall a target of c.20% increase is achieved
- The hourly rate stays within the Child Care Subsidy hourly rate cap - \$10.67 per hour.

Fee category	Grays Point(\$)	Miranda PS	Janalli PS	Bonnet Bay/Oyster Bay/ St Catherines	St Pats	Laguna Street	Lady Fatima	Average
AM – Perm	20.00	19.50	19.00	16.50	20.00	15.00	18.00	18.30
AM – Casual	23.00	21.50	21.00	20.00			20.00	21.10
PM -Perm	24.50	24.00	24.00	18.50	29.00	24.00	27.00	24.43
PM - Casual	27.50	26.00	26.00	23.00			29.00	26.30
Vacation care								
Short day								
Long day	57.00		60.00	50.00	61.00	60.00		57.60

Real world impact to parents – ‘Worst case scenario’

- Assuming 200 school days in a year.
- Maximum annual fee for a permanent attending **both sessions every day** = \$7,200 under the proposed model (compare to \$6400 currently)
- This equates to an increase of \$800 pa/\$4 per day/~12 % per child **before childcare subsidy**
- The impact to families per child in this scenario, taking into account childcare subsidies, shown below:

Family income	Subsidy (%)	Amount subsidized (\$)		Hit to parent			
		per day	per annum	(\$ per day	(\$ per fortnight	(\$ pa	%
0 - \$69,390	85 %	3.40	680	0.60	6	120	1.8
\$174,390 - \$253,680	50 %	2.00	400	2.00	20	400	6.25
\$343,680 - \$353,680	20 %	0.80	160	3.20	32	640	10
\$353,680 or more	0 %	0	0	4.00	40	800	12.5

Note 1: Between 85% - 50 % and 50 % - 20 %, the percentage subsidy tapers by 1 % for every \$3000 of family income

Equity in fee adjustment across P&C services

- BASC is just one of the P&C income streams (Canteen and Uniform also collect income from parent body)
- If P&C is to adjust fees on any of its services, consideration should also be given to adjusting fees for canteen and uniform services
- Average CCS across families using BASC is 52 %, meaning ~half of the 12 % proposed fee increase per child (in the example above) will be passed on to parents, on average
- In the event the model described is accepted, consider implementing **an equivalent 6% increase** in fees across services

Summary

- 2019 revenue vs 2020 costs points to a significant operating loss even before any P&C donations.
- The costs in 2020 are potentially understated because they do not include a full year of costs for the casuals.
- BASC fees are significantly below market.
- Suggest aiming for ~20% increase to ensure we do not incur significant loss.
- Using the market as a guide the morning rates are more understated than the afternoon
- All proposed increases are below the average of all comparison schools.
- To be equitable across other P&C services we should consider implementing an equivalent 6% increase to canteen and uniform shop

Alternative operating models

1) Run BASC at break even, with a smaller fee increase reconsidered in this light:

- Maintain a low-cost community service
- Future donations to school are limited
- Possible reduction of ~\$60 K pa to the School's budget (assuming other fundraising still covers ~ \$10K)
- Consideration of whether it is appropriate for P&C Executive to bear workload and liability of running BASC if there is reduced benefit to the broader school community as a result of reduced funds flowing to the School

2) Put BASC license to commercial tender through Department of Education Asset Management:

- Likely larger fee increases
- Practicalities of 'split campus' for commercial operation
- 3-5 yearly tender cycle and resulting instability
- Less control of parent body over quality/ direction of BASC services
- Staff redundancies?
- Risk of profit over service
- \$65k pa license fee flows to School's budget - takes onus off P&C and maintains reasonable support level

Proposal

- 1) The P&C continues to use BASC to help fund its ongoing support of school services.
- 2) We should aim for a total level of ~\$70,000 pa, **with other P&C fundraising activities and incomes** also contributing to this amount. Target of \$50k contribution from BASC reviewed twice per year.
- 3) BASC fees should be increased in line with the modelling above (i.e. to match Bonnet Bay/Oyster bay/St. Catherine's) with fee increases to be phased in in two steps in Q1 2021 and end of Q2 2021 calendar year
- 4) Parents with multiple children should receive a reduced rate – TBD determined based on analysis of local comparisons and brought to the committee
- 5) A CPI increase is applied to BASC fees at the beginning of each school year, with review against Comparison Schools to be undertaken every 3 years
- 6) Equivalent review of canteen and uniform shop fees to be conducted with the Comparison Schools, with a view to potentially increasing P&C revenue from those income streams (by up to 6%)