

STUDENTS' COUNCIL LATE ADDITIONS

Tuesday February 7, 2006
Council Chambers 2-1 University Hall

- 2005-21/6 REPORTS AND EXECUTIVE COMMITTEE REPORTS
- 2005-21/6b Graham Lettner, President
Please see document LA 05-21.01
- 2005-21/6c Justin Kehoe, Vice President (Student Life)
Please see document LA 05-21.02
- 2005-21/8 BOARD AND COMMITTEE REPORTS
- 2005-21/8c Audit Committee – February 3, 2006
Please see document LA 05-21.03
- 2005-21/9 GENERAL ORDERS
- 2005-21/9g **KELLY ORDERED THAT** Students' Council censor the President.
- 2005-21/10 INFORMATION ITEMS
- 2005-21/10d Letter to UHS from Graham Lettner, President
Please see document LA 05-21.04
- 2005-21/10e Proposed Powerplant changes
Please see document LA 05-21.05
- 2005-21/10f Notice of Plebiscites
Please see document LA 05-21.06
- 2005-21/10g Comments on Proposed UHS Fee increase – M. Mustafa Hirji
Please see document LA 05-21.07

President's Report

Meeting date: Tuesday, February 7, 2006

EXECUTIVE SUMMARY:

PAC negotiations continue for the memorandum of understanding, our advocacy team mounts a push for the upcoming transformations working group portion of the A Learning Alberta review, budget preparations are made, task force work proceeds, and the first meeting of the working group on a new University lobby document is had.

Also, as promised, a review of goals made, and progress thus far.

SPECIFICS:

- Memorandum of Understanding

Last meeting we had a breakthrough in our process. I chose to reorder our work to tackle each level of detail step-by-step and Bill Smith, Justin Kehoe, Bob Kinasewich and I were able to make a great deal of process. We should have a full draft by the end of next meeting.

- Advocacy Push

The Transformations working group meets today to discuss a whole host of recommendations for changing the post-secondary learning system with regards to affordability. Bryan West, the President of the UofC Students' Union is representing CAUS. We're urging the group to make a big push for a large block of new funding, and from there looking at the small policy changes to alter the system.

- Budget Preparations

We are entering the season of budget preparations, and Jason will have his hands full for the next month. I would urge Council to make their priorities for Students' Union spending clear and known for incorporation into next year's fiscal plan.

- Task Force Work

The Executive Committee released a report to the Sr Managers earlier in January outlining where progress had been made, and spelling out the direction of our work. I am looking at putting together another one of these reports and making it available for councilors as well.

- Board Working Group

Today will be the first meeting of a Board of Governors working group to develop, in loose terms, a Case for Investment: Part II. It will follow the scope of what I distributed to Council last meeting—I will keep Council updated on its work.

- Benchmark Update

Goal: Town Hall Meetings

Progress: The desire was for the University President, the Minister of Advanced Education, and the Executive to have one open house during the year for students to question them and learn more about their initiatives. Though not in a town hall format, we did get President Indira on campus for a day and gave many students a chance to hear her plans. I did not get the Minister onto campus for a public discussion. The Executive have be open for Question Period queries all year long.

Goal: Student-Faculty Engagement

Progress: The Dewey's Project was launched in November to mixed success. Two out of the five nights showed minimal student interest. During the night that Don Carmichael was the key speaker, the event shone, and achieved its purpose: academically connecting students and faculty in a relaxed atmosphere outside the classroom.

Goal: Online Professor Rating System

Progress: None. This idea was quickly shelved as unwieldy and off the mark. It does currently exist in the format of www.ratemyprof.com. Recently, however, the Senate Task Force on the Student Experience released its final report. It's recommendation 4.7 reads: *Conduct and open and transparent university-wide assessment of the faculty evaluation process to balance rewards for best teaching and best research practices.* This is at the heart of increasing the quality of teaching on campus: creating as many carrots for good teaching as there are for good research. Sounds like a great Students' Union goal for the future.

Goal: Better Marketing of Student Services

Progress: As part of our Marketing Department's ongoing development, and the work of our communications task force, we are formulating clear and straight-forward processes to better market not only our student services, but our business operations as well.

Goal: Professional, Collaborative External Lobbying

Progress: While being at times willing to work within the government A Learning Alberta process, and at times ardent in the media, we've managed to create an advocacy approach that has us working with the University on lobbying for more funding, and with the province to transform post-secondary policy, yet still retaining our principled stance to push publicly, and push loudly for the concerns of students.

Goal: More Academic Course Packs

Progress: Inside the Bookstore Advisory Committee we've seen the first reduction in margins at the Bookstore in the time the Committee has been in existence, and a small surplus that will be directed towards developing more online materials, and creating a larger awareness among professors as to the alternatives to using a textbook. The concept of a larger, multi-school push was floated to the members that attended our October Student Summit; as this group of six schools develops and grows, we may see them tackling this issue jointly.

(As a side note, both classes that I enrolled in this year used course packs printed at our SU Print Centre.)

Justin Kehoe, Vice President (Student Life)
Report to Students' Council
February 7, 2006

Submitted: February 6, 2006

Good Evening Council,

I apologize for my unannounced absence at our last Council meeting. I was stricken with a severe malady which prevented me from leaving home (not SUB, but my real home) for several days, and I am currently in the midst of catching up with all of last week's work.

Previously, in our Non-Academic Advocacy Task Force, we compiled a list of key areas and issues of importance to students that fit within our further defined non-academic sphere. From here, we undertook some basic prioritizing, highlighting the most important issues and specifying which would be more of a secondary concern. We also addressed the feasibility of attacking these issues, both on the SU resources side and the likelihood of success with the University side.

At our most recent meeting, Vice President Johnson was gracious enough to take over the reins as chair in my absence. Our initial plans were to merge this task force with his Academic Advocacy Task Force for the purposes of a discussion on resources required and possible staffing models to strengthen our advocacy efforts. This will be continued.

On the Services front, we are currently working on a few structural improvements and revised staffing models. The current project involves changes to the Orientation management, and the proposal from our Manager of Student Services already has the Dean of Students covering any budgetary shortfalls.

PAC MOU negotiations with President Lettner, our General Manager, and Bob Kinasewich from the Faculty of Physical Education and Recreation are ongoing. Bob is now aware of the importance of Council in this process, and after some earlier difficulties, we made significant progress at our meeting last Friday.

If anyone is interested in this Non-Academic Advocacy Task Force or any other issues in the Student Life portfolio, please feel free to contact me to initiate further discussion. I am interested in hearing your input and providing you with more information.

Upcoming:

- February 8: Health Promotions Advisory Committee, Wellness Week
Non-Academic Advocacy Task Force
- February 9: Student Counselling Services Open House
Campus Food Bank Board Meeting
- February 10: Revolutionary Speakers Series planning
Kyla Sandulak @ SUBstage, Noon
- February 14: SUB Movie Night: The Wedding Crashers, The 40-Year Old Virgin
- February 15: Non-Academic Advocacy Task Force
Revolutionary Speakers Series: Wade Davis
- February 16: RHA Residence Council

MINUTES

2005-06

Audit Committee

Friday, February 3, 2006

ATTENDANCE: Theresa Chapman
Prem Eruvs
Bryce Kustra
Cam Lewis
Chris Young

CALL TO ORDER: 1:09 pm

- NEW BUSINESS:
- Kustra/Lewis motion to approve the agenda. (5-0-0)
 - Kustra/Lewis motion to request the Vice-President Operation and Finance (and optionally the Powerplant manager) attend the next meeting of Audit Committee. (5-0-0)
This will be postponed due to the Vice-President's (Operation and Finance) Powerplant presentation during the February 7 meeting of Students' Council.
 - Lewis/Eruvs motion to request 'options and recommendations' for the SU audit. (5-0-0)
Audit Committee feels that while it is important that it hires the Students' Union's auditor, we feel that Students' Union staff may be better qualified to evaluate the various options.
 - Motion to postpone the evaluation of CJSR DFU until the next meeting of Audit Committee. (3-0-0)
As is becoming an ALARMING TREND, it appears CJSR has reserves in excess of what is necessary for day to day operations. Audit Committee has subsequently requested CJSR supply Audit Committee with an action plan for these funds.
 - Kustra/Lewis motion to adjourn. (4-0-0)
 - On a side note, the chair is vowing to next call a Friday meeting again. I don't know what I was thinking.
 - Audit Committee will also endeavor to continue having meetings in random places. Having already gathered in SUB, Tory and Business, the chair will endeavor to find new and exciting locations for future meetings.

NEXT MEETING: February 8 @ 2:00 PM in SUB 6-06

ADJOURNMENT: 1:56 pm

Dr. McInroy
2-200 SUB
Campus Mail

February 6, 2006

Dear Dr. McInroy,

With this Tuesday's meeting of Students' council fast approaching, there are still several points to be addressed before Council can come to an informed decision. Unfortunately, the timing of this meeting could not be worse, as we have not had time to adequately assess the situation and your administrative deadlines are fast approaching. Had you broached the subject in December when you met with Bill Smith and I, we would be far better placed to make an informed recommendation to Council. Indeed, in a May 30, 2005 letter from Kevin Friese, it is noted that a Health Fee referendum would likely be necessary, yet no formal steps were taken until more than 7 months after the fact. It is most alarming that a matter of such concern to both students and the University administration will be forced, literally, at the last minute.

There are other important issues that are, as yet, unresolved:

- 1) In May 2005 several meetings were held between members of the SU executive and University administration. At these meetings, the \$756,719 over-collection of the University Health Services fee was discussed and it was eventually acknowledged (in the same May 30 letter) that "[UHS] would want to meet with both the Students' Union and [Dean Bill Connor] to review these numbers and determine the actual extent to which the centre inadvertently benefited from additional fee revenues." However, an agreement satisfactory to both parties was never reached.
- 2) Neither NASA, AAS:UA or GSA members pay a Health Services Fee and yet they are still eligible for the same benefits that fee-paying undergraduate students are entitled to.
- 3) If UHS were to stop seeing staff patients, the contention is that student demand for the service would immediately increase proportionally to the decrease in staff demand. However, based upon the numbers you provided, when UHS stopped seeing non-university affiliated patients in the 1992-93, patient visits actually dropped significantly and did not rebound to the previous level until 2002-03. Is it not then reasonable to assume that the decision to stop seeing staff as patients would result in lower fixed costs for UHS?
- 4) In your presentation to Council you contend that a failure to raise the UHS fee would result in removal of, among other things, all drug subsidies, the Health Education program and various support staff. However, the proposed fee increase would only result in an approximately \$203,706 increase ($\$6.00 \times 33,951$ undergraduate students). The cuts you propose will result in a net decrease of at

minimum \$400,000. (Assuming 10% decrease in administrative staff costs, 10% decrease in physician costs, elimination of student staff and drug subsidies of \$240,000/year) Of course, we cannot know what the exact financial implications will be because we still do not have adequately detailed financial statements.

The Students' Union values the relationship of trust and respect that we have built with the University over the years. However, in matters pertaining to the finances of the students we represent, it is not acceptable to simply proceed on blind trust. It has been demonstrated that, as you put it, sometimes UHS and the SU don't agree on the math. Without adequate information available equally to both parties, these disagreements will continue. The Students' Union executive is wholeheartedly in support of the mission of University Health Services. However, given the above points we cannot consider supporting an increase in the Health Services fee until our concerns are met.

Sincerely,

Graham Lettner,
President, Students' Union

cc: Executive Committee

PROPOSED POWERPLANT CHANGES

*Submitted to the Executive Committee by the Vice-President Operations and Finance,
February 2006*

The 2003-2004 Executive Committee submitted a very comprehensive document outlining a strategy to combat the declining profitability and perceived popularity of the campus bars. The bars, especially the Powerplant had been suffering from a marked decrease in profitability. Admittedly, the campus bar business has always been fickle on the UofA campus. It is generally felt that the extremely good years seen in the late 1990s were due to a variety of factors that had little to do with the operation of the Powerplant and more to do with demographic and other external factors.

This year, 2006, will mark the year that the Powerplant reverses the trend of being an overall lifetime revenue earner for the Students' Union. Indeed, 2006 will be the worst year ever for the Powerplant in terms of profitability. This proposal attempts to move beyond the previous attempts to tweak the Powerplant as a bar, and into the realm of the Powerplant as a multi-faceted student space.

Currently, the Powerplant is considered first and foremost a bar. Food service has been plagued by complaints of poor quality and inefficient service. Attendance is high, yet alcoholic beverage sales are at an all time low. The costs of operating such a large space are very significant and use of the space is highly cyclical depending on the time of year and the day of the week.

The question has been asked, "Should the Students' Union close the Powerplant?" Unfortunately, there is no clear answer to that question. Although the initial net impact to the bottom line would be significant and positive, there are several negative factors that bear consideration. The first is relocating the events that currently occur in the Powerplant. Although the SU operates both Dinwoodie Lounge and the Myer Horowitz theater, the loss of the Powerplant would significantly detract from the ability to attract lucrative entertainment contracts and as such would likely correspond to a decrease in revenues and an increase in operating costs. The other issue is what happens to the Powerplant once it is vacated. Based upon discussions with University Administration, it can be surmised that the SU serves students better by maintaining the Powerplant as part of the Students' Unions' business portfolio.

PROPOSAL OUTLINE

The basis of this proposal is considering the Powerplant not as a single bar, but as four constituent parts:

- Student Leisure, Study and Relaxation Space
- Buffet (food service)
- Coffee shop (Dewey's)
- Bar

These four elements meet two necessary criteria. They allow all operating costs to be met and they provide a venue for the Students' Union to tap areas of demand within the student population.

The buffet will occupy the east side of the bar nearest the kitchen. It will serve simple staple foods for lunch and dinner, and will be priced for all you can eat. Breakfast will be served a la carte, similar to how it is currently done in the Powerplant. Take-out service will also be available for selected items. Breakfast will be served starting at 7:30am, Lunch at 11am and Dinner will be served 3:30pm – 7pm. In the evenings the buffet space can be left vacant or be turned into licensed space depending on the event.

The coffee shop will occupy the space known as Dewey's Lounge. The original name will be retained, but the space will be upgraded to allow for service of coffee, and snacks such as pastries, bagels and donuts. The coffee shop will offer space on two levels for customers and students to relax, study, read, etcetera and will also provide service to those wanting coffee to go. No sit down service will be offered, and customers will go to the counter to order. Access will be through either the main east door or through the current fire door which opens onto the north side of the Powerplant building. We are currently in discussions with the University regarding the placement of a larger sign on the north side of the building. Dewey's will no longer be a licensed space during normal operating hours. However, it will still be possible to open Dewey's to licensed events as the need arises.

The bar will continue to operate in a similar fashion. It will occupy the west side of the building, encapsulating the current dance floor, bar area and games area. The upper mezzanine will also form part of the licensed area during busy hours. The bar will maintain its current operating hours. Table service will be confined to peak hours, but a simplified bar menu will still be available throughout the day.

Both Dewey's and the bar portion of the Powerplant will also be open to students for general use, much as SUB is now.

FINANCIAL

The majority of the capital costs are confined to upgrades to the kitchen and food service equipment and new signage. There is also a cost component associated with furniture upgrades and reconfiguring the counter space in Dewey's. There is a strong possibility that much of the food service equipment can be purchased second-hand and furniture can be acquired through a sponsorship arrangement. The Students' Union also has an outstanding balance with the University that could be applied to the upgrades necessary to make further use of the building's steam lines for the buffet operation.

Operating projections indicate that the buffet operations could add as much as \$120,000 in net revenue and coffee shop revenue would add another \$9000. Assuming that the bar segment maintains a pattern similar to previous years, the Powerplant will be see overall positive net revenue.

Bar Net Revenues						
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Powerplant	98,223	50,872	-8,612	-21,659	-42,073	-62,146
RATT	95,631	64,836	58,486	38,822	-20,480	5,961
Total	\$193,854	\$115,708	\$49,874	\$17,163	(\$62,553)	(\$56,185)

Food Service Net Revenues						
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
SU Food Service	45,707	63,184	85,966	-6,726	82,594	139,299

RATT Gross Profit						
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
GP- Alcoholic Bev.	215,043	185,345	192,533	188,285	144,881	155,175
GP- Non-Alc Bev.	12,847	11,663	13,215	10,254	14,363	13,099
GP- Food Sales	60,848	64,972	68,501	65,219	66,887	91,410
Total	\$288,738	\$261,980	\$274,249	\$263,758	\$226,131	\$259,684

RATT Gross Profit as %						
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
GP- Alcoholic Bev.	74.5%	70.7%	70.2%	71.4%	64.1%	59.8%
GP- Non-Alc Bev.	4.4%	4.5%	4.8%	3.9%	6.4%	5.0%
GP- Food Sales	21.1%	24.8%	25.0%	24.7%	29.6%	35.2%
Total	100%	100%	100%	100%	100%	100%

Power Plant Gross Profit						
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
GP- Alcoholic Bev.	545,326	475,050	445,357	426,720	442,913	473,428
GP- Non-Alc Bev.	42,085	49,589	51,976	46,625	38,597	36,667
GP- Food Sales	167,488	197,916	198,530	191,456	189,402	213,742
GP -Other	78,777	60,580	41,632	31,037	31,610	32,785
Total	\$833,676	\$783,135	\$737,495	\$695,838	\$702,522	\$756,622

Power Plant Gross Profit as %						
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
GP- Alcoholic Bev.	65.4%	60.7%	60.4%	61.3%	63.0%	62.6%
GP- Non-Alc Bev.	5.0%	6.3%	7.0%	6.7%	5.5%	4.8%
GP- Food Sales	20.1%	25.3%	26.9%	27.5%	27.0%	28.2%
GP - Other	9.4%	7.7%	5.6%	4.5%	4.5%	4.3%
Total	100%	100%	100%	100%	100%	100%

Power Plant Expenditures						
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Staff Costs	385,801	385,822	406,379	383,776	395,527	420,502
Repairs and Maintenance	17,349	19,066	24,992	18,378	16,128	17,692
Supplies	42,546	37,316	35,057	26,475	29,621	28,597
Marketing, Ads, Promo	13,322	13,231	16,246	11,953	14,622	34,384
Printing	2,190	894	-816	407	473	4,403
Operating Expenses	30,122	33,960	26,736	26,845	30,655	41,871
Communications	1,656	1,718	1,769	1,897	1,606	1,343
Legal	655	702	856	1,104	1,803	1,647
Taxes and Licenses	6,779	6,637	6,749	7,260	8,181	7,813
Space Costs	226,044	227,068	220,039	231,083	234,445	249,897
Capital	975	662	651	1,557	4,190	3,075
General Overheads	8,014	5,187	6,996	6,763	7,345	7,540
Total	\$735,453	\$732,263	\$745,654	\$717,498	\$744,596	\$818,764

Comments on the Proposed Health Services Fee Increase

February 7, 2006
M. Mustafa Hirji

Dear Councillors,

I am an undergraduate student in the Faculty of Arts. I recently learned about the University Health Centre's plans to raise the Health Services Fee. I would like to share with you numerous concerns I have about this fee increase. (A summary of my concerns appears at the end of this document.)

1. Undergraduates Pay; Graduate Students and Staff Do Not

Currently, all of undergraduate students, graduate students, and staff are allowed to access the services of the University Health Centre for no cost per visit. However, undergraduate students are forced to pay a health services fee with their tuition, but graduate students and staff do not have to pay a fee.

Moreover if we look at the Health Centre's Revenue sources (as published for the October 2003 meeting of General Faculties Council), we see that there is no subsidization of the University Health Centre from the operating budget of the University:

- * Student Health Fee - 35% of UHC operating revenues
- * Health Care billings & Third Party Medical fees - 27% of UHC operating revenues
- * Pharmaceutical sales - 20% of UHC operating revenues
- * Over-the-counter medication and product sales - 8% of UHC operating revenues
- * Health student software CD sales - 3% of UHC operating revenues
- * Miscellaneous donations & Other - 8% of UHC operating revenues

This lack of operating budget subsidization is why the University Health Centre is classified as an "ancillary" service. The lack of operating budget subsidization means that graduate students and staff are not indirectly supporting the University Health Centre's bottom line.

Simply put, undergraduate students are currently paying the costs of both graduate students and University staff. This is both unfair and unacceptable. Staff earn a salary from the University while half of graduate students receive "funding"* that covers their living expenses and tuition, tuition which is much cheaper than it is for undergraduates. Undergraduate students therefore are the least able to pay, but yet are forced to cover the costs of all other parties that use the University Health Centre.

So why doesn't the University Health Centre start to charge graduate students and staff? Because those two groups do not want to pay anything and so they refuse to pay up. Undergraduates, thus far, have been suckers who have accepted bearing the costs for everyone. Perhaps if we too take a hard line and refuse to be abused for the benefit of others, this unfair practice of charging undergraduates for the costs of others will stop.

* In 2002, a survey of PhD students by the University found that the average funding per PhD student (including those students receiving no funding) was \$16,285.82. Among incoming PhD students, the average was \$18,214.43 reflecting the University's goal to raise funding for graduate students (partly funded by rising undergraduate student tuition). In total, \$34.2 million was spend on funding PhD students that year in a total PhD student population of 2103. In comparison, about 30,000 undergraduate students shared \$50 million in scholarships, bursaries, and other financial aid. (Data from the November 24, 2003 meeting of General Faculties Council).

2. Private, User Pays Health Care

In Canada, we have a system of public health care. That is, when receiving medically necessary (more commonly referred to as “insured”) health care services, individuals do not have to pay out of their pocket for their health care expenses; it is covered by the government. You only have to pay for an option (“elective”) health care procedures such as cosmetic surgery.

The University Health Centre is thus forbidden from charging for insured health services. And since the University Health Centre isn’t in the business of cosmetic surgery, and overwhelming amount of what it does is classified as insured. They are not allowed to charge for these services under sections 9(1), 11(1)(b), and 12(1) of the Alberta Health Care Insurance Act. This is why undergraduate students, graduate students, and staff are allowed to access the University Health Centre without paying anything per visit.

However, does a student Health Services Fee not mean that students are, in fact, paying for such health care? Yes and no. Since you are not paying anything for each visit to the University Health Centre, you are not actually paying directly for medical procedures nor to a health care insurance scheme. And so it does not *technically* violate the law. (This was explained at the November 24, 2003 meeting of General Faculties Council.) But aside from this technicality, students are paying for the *right to use a health care provider*.

One of the justifications for increasing the Health Services Fee that was provided on January 31 to Students’ Council is that 2-3 family physicians would have to be laid off if there is no fee increase. That is, that the fee increase would help pay for 2-3 family physicians. Presumably, these 2–3 physicians provide insured health services (it’s not cosmetic surgery or high-end elective surgery). But if the Health Services Fee increase will pay for these 2–3 physicians, then the Health Service Fee will be paying for part of the cost of delivering insured medical services!

It is likely illegal for the Health Services Fee to cover the costs of 2-3 physicians who deliver insured services. Even if it is legal, students would be giving into a user pays system which is wholly inconsistent with the Canadian public health care system. There is absolutely no way we should allow the University Health Centre to force cash-strapped students pay for their health care. This is something that they are entitled to receive for free!

3. Costs Don’t Rise This Quickly

The University Health Centre is asking for a 24% increase in their fee in one year. And they want a 6.3–7% increase in the fee in subsequent years. In theory, costs should rise at the rate of inflation (no more than about 3%—the University Health Centre’s proposal indicates they expect inflation to be 1.7%). Maintaining current levels of services should not require such massive increases to the Health Services Fee. The Fee should, at most, rise with inflation.

In particular, with governments paying more and more for health care each year, the University Health Centre should be able to bill the government (i.e. Alberta Health Care Insurance) for more money each year. Unless they are allowing physician salaries to rise uncontrollably, the financial position of the University Health Centre should actually be improving. A hospital that does complex surgery has to compete for well trained physicians, nurses, and other health care workers, and has large insurance costs in case something goes wrong—they have a reason for needing more money because they do have rapidly rising health care costs. There is no reason this should be the case for the University Health Centre.

Simply put, without clear financial documentation from the University Health Centre showing why their costs are rising, I am skeptical that they need more money to maintain current service levels. Judging by the lack of honesty that the University Health Centre has shown in the past (as I will discuss in the next section), I am not inclined to take their word on this.

4. The University Health Centre Is Untrustworthy

In 1993–1996, there was an attempt to consolidate student services in SUB, especially on the second floor of SUB so that they would be easier for students to find. One of the services that moved to SU was the University Health Centre which was previously located near the Law building. But because renovations were needed to SUB to accommodate the Health Centre, it *temporarily* raised the Health Services to pay for the mortgage on these renovations. The temporary increase would be removed after the mortgage was paid off.

While there is some dispute on the exact date, it is widely accepted that the mortgage has been paid off. The Students' Union believes this happened in 1999 (see Appendix A) and we raised this issue as early as 2003, and were investigating as early as 2001. However, the temporary increase, to this day, has not been removed. This is the first example of untrustworthiness.

The University Health Centre did agree that the fee would no longer be needed as of September 2005 (see Appendix B). And yet, the fee continues to be collected. This is a second example of untrustworthiness.

However, the most egregious of these violations of trust was at the January 31 meeting of Students' Council. Science Councillor Stephen Kirkham asked about the failure to end this temporary fee increase. The representative of the University Health Centre first, denied that the fee had been to pay back the mortgage (contradicting statements in Appendix B), and that the fee was not temporary (also contradicting statements in Appendix B, and contradicting the University administration in Appendix A). Simply put, the University Health Centre brazenly lied to Students' Council to further their own case.

It seems that the University Health Centre thinks that they can get away with lying to students and refusing to remove a fee they no longer should be collecting. Beyond being grossly insulting that they think students are this stupid, their actions are unacceptable and do not display the kind of trust and honesty that we should expect from a steward of student money. It is unacceptable that we should reward this behaviour with more student money.

5. Sneaky Fee Replacement

Back when the Health Service Fee was created, it was set at \$5.60/term. With inflation, that has risen to just a little below \$6/term. Now that the University Administration is largely agreeing with us that there has been overcharging of the previous temporary fee (though there is not agreement on the amount they owe students), the University will likely remove that temporary increase (a little under \$6/term), possibly as early as this spring (taking effect in September 2006).

The University Health Centre, you will note, has come forward with a proposal for a \$6/term free increase in the upcoming year—almost exactly the amount that they are slated to lose when the temporary fee is (hopefully) finally removed! That is, this proposal smells of an attempt by the University Health Centre to keep the temporary fee increase by getting us to re-approve it under the guise of a new fee increase!

This is also probably why they are denying that this has anything to do with the temporary fee increase overcharge, and why they are denying that that increase was a temporary fee. They don't want us making the connection between these: otherwise we'll see the stunt they're trying to pull.

Well, we've seen it now. And we can't reward them for lying and then trying to trick Students' Council and the student body. This behaviour is dishonest and unacceptable in the extreme.

6. Consistency with our Tuition Campaign

Every year, the Students' Union asks for a freeze or a reduction in tuition. Our argument is that students cannot afford higher tuition. We further argue that the University can cut costs to keep tuition lower.

This Health Services Fee increase will increase fees to students which will be added to tuition and other fees to create next year's fee assessment. It will therefore be virtually indistinguishable from a tuition increase and will be paid at the same time as the tuition increase. If we refuse to agree to the tuition increase, how can we agree to a fee increase that is virtually indistinguishable from a tuition increase? I do not believe that we can do this without being unprincipled and hypocritical. In fact, the University notices our hypocrisy on this and uses it as an argument against us at the Board of Governors: if we're fine raising all these fees, we should also be fine with rising tuition.

If anything, tuition funds education which benefits all students, while the Health Services Fee will only benefit those students that use the University Health Centre. If we're going to pick and choose, we should allow increase in tuition. Otherwise, we should stick to principle and remain consistent and block this Health Services Fee increase.

Summary

1. Undergraduate students subsidize the University Health Centre, but graduate students and staff do not, yet they receive all the same benefits as students. Graduate students and staff also do not subsidize the University Health Centre indirectly since the University Health Centre is an ancillary unit that receives no subsidization whatsoever from the University's operating budget. That means that only undergraduate students are footing the Centre's bill. This is inequitable and patently unfair. Especially since undergraduate students are the ones who rack up debt paying to the University, while staff get paid by the University, and half the population of graduate students get funding from the University that covers their tuition and living costs in part or in whole.
2. The Health Services Fee increase is supposed to help cover the cost of keeping 2–3 physicians. If this is so, then the Health Services Fee is a form of individuals having to pay to use the public health care system. This may be a case of illegal billing under the Alberta Health Care Insurance Act. In any case, we should not be supporting any system where undergraduate students have to pay for health care when health care should be free in Canada.
3. The University Health Centre calculates inflation to be 1.7% in the next few years. Yet they want increases in their fee of much more than 1.7%, that is 6.3–7%. This is an unacceptable cash grab. Moreover, they have not shown us financial statements showing why their costs are going up.
4. The University Health Centre did not stop collecting a temporary fee increase when they were supposed to. They lie about the date on which they should have stopped collecting the fee. And worse, now they are lying to Students' Council about the reasons for, and existence of that temporary fee. This shows a distinct lack of faith and dishonesty and we should not reward it with more money.
5. The proposed fee increase seems to be an attempt to replace the above temporary fee increase (which is hopefully about to be repealed finally). However, the University Health Centre is hiding this fact from us and is lying about the circumstances surrounding the temporary fee increase. This lack of transparency and honesty is unacceptable.

6. Agreeing to pay more in Health Service Fees, but not in tuition is inconsistent and hypocritical. We should have a consistent message unless we want to be unprincipled and undermine our case on tuition.

For these reasons, I think that it would be unacceptable for the Students' Union to accept a Health Services Fee increase. As a student in the Faculty of Arts, I ask that Students' Council reject the fee increase.

If you have any follow-up questions, please contact me at mustafa.hrji@ualberta.ca.

Sincerely,

M. Mustafa Hirji
Undergraduate Student, Arts

April 27, 2005

Dear Carl and Phyllis,

Bill has passed me Ron Ritter's response to our concerns regarding the over-collection of the supplement to the Health Services Fee. I would like to express our appreciation to the University, and especially to Mr. Ritter, for the work and the prompt action.

We have discussed this matter at Executive Committee and would like to offer the following response.

We are willing to accept the University's explanation with regard to the Rate Variance and the Volume Variance, and this removes approximately \$186,000 from the problem. However, we have reservations in the matter of the Interest/Finance Variance, which accounts for another \$170,000 or so.

Mr. Ritter states that our (the SU's) calculations:

... assumed that the internal loan functioned similar to an operating line of credit with a sliding interest scale. In actual fact the internal loan was a standard amortizing fixed rate (6.875%) loan with annual payments. The reason for this is as follows. The internal loan program forms part of our mid-term investment strategy. Every internal loan reduces our capacity to purchase mid-term bonds for the University's investment portfolio. To ensure that there is no opportunity cost to the University's operating budget we set the interest rate on internal loans based on the Alberta Capital Finance Authority's rates at that time. This approximates the yield we would have received on a high quality (AAA) provincial bond issue of similar duration. This difference explains \$170,000 of the variance.

We are not as willing to concede this point because the Agreement (Article 5.01) states as follows:

The balance, from time to time, shall be charged a carrying cost equal to the interest factor which would, if the University elected to borrow the same, be charged by the Alberta Municipal Financing Corporation to the University for funds for the Project.

While it is not entirely clear from the documentation whether the interest rate should be fixed or variable, the wording in the Agreement, in our view, strongly implies a variable rate. If that was not the intent, why didn't the wording say "fixed rate" rather than "a carrying cost equal to the interest factor which would, if the University elected to borrow the same, be charged by the Alberta Municipal Financing Corporation to the University for funds for the Project"? After all, the parties knew at that time what the rate was, and

could therefore have been much more precise with the Agreement wording if the intent was to fix the rate.

Having said that, and despite our significant concerns regarding this item, we would be willing to concede on this point as well but only if we can reach an agreement on the remaining, and much larger, issue – the University’s failure to credit UHS surpluses to the Project Account.

In his e-mail to Bill, Mr. Ritter makes the following comment with regard to that issue:

Under Approach B you bring the Health Services operating budget into the calculation, which would entail a wide range of judgmental and qualitative issues.

We have very significant problems with that contention for the following reasons:

1. The SU did not “bring the Health Services operating budget into the calculation”; as we noted in our original submission, that dimension was incorporated in the Agreement for very good reasons. The Agreement recognizes those reasons by making the following unequivocal statement (Article 5.03):

To the extent that the Health Services operations of the University produce an excess of revenue over expenses, that excess shall be used to reduce the outstanding balance of the Project Costs Recovery Account.

2. We do not agree that this issue entails any “judgmental and qualitative issues”. The published UHS accounts, as a component of the University’s Financial Statements, must portray UHS financial performance as accurately as reasonably possible, which means that the judgmental and qualitative issues must be considered and resolved prior to publication. The University has been producing its accounts, including departmental accounts, in a certain way for a long time, and there is no reason to amend that approach just because this provision exists in our Agreement concerning UHS.
3. Anticipating your possible response, we cannot accept a contention that the clear provisions of Article 5.03 are in any way nullified by the fact that the Agreement was not signed. The letter from Jamie Fleming (to which the Agreement was attached) clearly states:

As part of this process, I want to confirm that in the absence of any other documentation, we intend to operate in accordance with the Health Services Relocation Agreement (copy attached), which has been discussed with you, but has not been executed.

This passage indicates a University commitment to honour that Agreement with the SU even in the knowledge that the Agreement had not been signed.

4. We firmly believe that the intent of the parties is completely clear – that any surpluses returned by UHS (i.e., an excess of revenues over expenses) will be credited to the Project Cost Recovery Account. While we recognize that this situation may create unfortunate difficulties for the University, the facts remain that the intent of both parties was clear, that UHS surpluses should have been credited to the Project Account, that this was not done, and that the failure to do so resulted in students being charged the Supplementary Fee long after it should have been removed.

So where does this leave us?

We have re-calculated our numbers based on the following assumptions:

- We have accepted the University’s explanation in relation to the Rate Variance, the Volume Variance and the Interest/Finance Variance; these changes have been incorporated into our revised calculations.
- We have assumed that UHS recorded surpluses of \$150,000 in each of Fiscal 1996-97 and 1997-98 – years for which we do not have financial statements.
- We have removed the calculation of interest on a credit balance – meaning that the spreadsheet does not end up charging the University interest on over-collected fees.
- We have ceased to credit the Project Account with UHS surpluses from the point at which the loan had been repaid (by a combination of student fees and UHS surpluses).

With those changes made, as shown on the attached spreadsheet, it appears that the University should have ceased collecting the fee with effect from September 1999, and that the failure to do so has resulted in an overpayment by students in the amount of \$1.014 million.

That is an extremely troubling sum, for both parties, and it is most unfortunate that the SU was not provided with an accounting in respect of this matter following our request to Mr. Al O’Brien (then Acting Vice-President - Finance) in March 2001. To our recollection the topic was discussed with Mr. O’Brien in a subsequent meeting, but no accounting was ever forthcoming. Had we received a statement at that time we could have acted before the problem became as large.

That, though, is “water under the bridge”, and we must find a way to resolve this issue.

One area in which we could be willing to concede some ground on this topic, with Council approval, revolves around our concern for the financial and functional well being of University Health Services. As we have noted before, UHS “is a widely used and

highly valued student service, and anything that damages its interests runs a risk of damaging the interests of students.” With the aim of avoiding that kind of damage, and with Council approval, we could agree to waive a portion of the over-collection (say, \$250,000) provided that it remains within UHS as an operating reserve.

This, though, would still leave a sum of approximately \$764,000 at issue.

We would appreciate receiving your views on how this significant student issue can be resolved.

Sincerely,

Jordan Blatz
President

c.c. Mr. Ron Ritter
Students' Council
Executive Committee
Bill Smith – General Manager

APPENDIX B

From: Kevin Friese <kevin.friese@ualberta.ca>
Subject:
Date: February 8, 2005 7:26:13 PM MST (CA)
To: mustafa.hirji@ualberta.ca
X-Mailer: Apple Mail (2.619.2)

Mustafa,

I appreciate your taking the time to contact the University Health Centre regarding the health fee. The fee is often misconstrued as a form of healthcare coverage and as such it is always a pleasure to provide students-at-large with additional background information. I have taken the liberty of responding to your questions below. Should you have additional questions or require further clarification, please feel free to contact me directly.

1. Could you briefly (in a sentence) indicate what the renovation was.

The mortgage payment you refer to, is in fact based on the UHC renovations completed in the Students' Union Building in 1996. That agreement entailed the relocation of the University Health Centre from its previous location near the Faculty of Law to its current location within the Students' Union Building.

2. Could you indicate how large a proportion of the fee is used for this purpose.

For our part, the University Health Centre reached an agreement with the Students' Union and University whereby the SUB UHC location would be developed into what you see today. In order to pay for those developmental costs, it was agreed that the student health fee would be raised by \$5.60/yr (11% of annual fee) for full-time students and \$2.80/yr (11% of annual fee) for part-time students. It was agreed that these rates would remain in effect for the duration of the mortgage repayment period. At present, the University Health Centre will make its final mortgage payment in September 2005. After that time, the current agreement states that the health fee will be reduced by the above, corresponding amounts.

Mustafa, I trust that this information answers your questions. Again, should you wish to discuss the health fee in greater detail, please don't hesitate to contact me directly.

Regards,
Kevin Friese
Administrator
University Health Centre
2-200 SUB
University of Alberta
T6G 2J7
Ph: (780) 492-2612 (ext. 2247)
Fax: (780) 492-0172
Email: kevin.friese@ualberta.ca

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Greetings,

I'm doing some research into the University's Health Services Fee. I understand that part of this fee serves to pay back some sort of mortgage on renovations done to the Health Centre.

1. Could you briefly (in a sentence) indicate what the renovation was.
2. Could you indicate how large a proportion of the fee is used for

this purpose.

If at all possible, could you get this information to me by the end of the day tomorrow (Tuesday). Brevity and imprecision is fine; I'm mostly just looking for a general sense.

Thank you for your help. I truly apologize for not giving more time.

Mustafa Hirji

M. Mustafa Hirji
General Faculties Councillor (Undergraduate Arts)
GFC Executive Committee (undergrad-at-large)
GFC Committee on the Learning Environment (undergrad-at-large)
University of Alberta