

PROPOSED FEE SCHEDULE 1 JULY 2020

(For Board Approval)

Background

NEAS has increased fees steadily over the last three years approximately 3% per year. The total number of centres and members has increased by average 3% per year. However, in the last three years Total Human Resource Costs have fluctuated between 78%-105% of Total Operating Income and the Total Operating Loss has exceeded -\$200K for the past three years (although is showing improvement). Please note Total Operating Income excludes profit from the conference and investments (i.e. Net Profit has fluctuated between -10% and -44% in the last three years).

Although FY2020 Budget forecasts a \$14K profit margin, this is highly unlikely. The FY2021 Budget has been calculated with a 3% fee increase and an operating margin of \$1.5K, and this is contingent on strong growth in new member applications, something that is difficult to reliably forecast.

Achieving a profit margin in FY2021 and reducing the ratio for staff costs / operating income is dependant on either increasing membership fees, reducing staff or a combination of both. Staff was reduced in 2018/2019 and a decision made to invest in strategic growth initiatives, some of which remain to see a return on investment at this stage. The current staffing level appears to be at the right level (i.e. staff report workloads at a sustainable and appropriate level).

There is now an imperative and an opportunity to rethink member fees and put into place a three-year strategy to increase fees through a combination of levies and annual increases. An initial sampling of 31 members was undertaken at the beginning of 2020 to determine the impact of fee increases and levies. This is tabled in the Fee Schedule Table on the following page. Eight possible new levies are explored with an initial impact study on the 31 sample members to determine total fee increase. This is presented for Board Discussion.

Different levies (in addition to 3% fee increase on all existing fees) could be categorised as either volume-based levies (Turnover Levy, Student Week Levy, Teacher Levy or Additional Course Levy) or service levies (Travel Levy, Non-Affiliation Levy, Registration Levy or Conference Levy). Various peak bodies and similar organisations in the sector use either or both of these levies.

Recommendations

- A. It is recommended that the board determine which of the levies would be palatable to the membership. This will allow a full financial analysis of membership to be undertaken.
- B. Any changes to the membership fee should be staged over several years and communicated carefully to the membership.
- C. Different approaches should be taken for existing members and new applications. Current members may require a grandfathering approach over several years and a possible different pricing for the levies to ensure retention. New applicants could be switched to the new fee schedule relatively quickly.
- D. There is a capacity to include one or two levies from 1 July 2020 (for example, Travel Levy and Registration Levy would have a substantial impact on the FY21 Budget with a minimal impact on member perceptions). Other levies are going to require some detailed research and sensitive communications and may inform 12 months parallel research within the NEAS membership strategy.

For Board Approval

1. The Board approves the 3% increase in fees for existing product from 1 July 2020.
2. The Board approves the introduction of the Travel Levy and the Registration Levy from 1 July 2020.
3. The Board approves further research for one volume-based levy to be researched and introduced from 1 July 2021 (cost for research to be covered by internal staff).

Fee Schedule Table

#	Item	2019 Fee	Proposed 2020 Fee	Notes / Budgeted / Unbudgeted
1	Quality Endorsement For existing or returning NEAS centres – Main Centre	\$4550 (\$5005 GST incl)	\$4670 (\$5137)	3% increase (B)
2	Quality Endorsement For existing or returning NEAS centres – Additional Centre	\$1850 (2035 GST incl)	\$1950 (2145)	3% increase (B)
3	Quality Endorsement For newly applying centres – Main Centre	\$5950 (6545 GST incl)	\$6150 (6765)	3% increase (B)
4	Quality Endorsement For newly applying centres – Additional Centre	\$1850 (\$2035 GST incl)	\$1950 (\$2145)	3% increase (B)
5	New Courses/Qualifications	\$600 (\$660 GST incl)	\$625 (\$687.5)	3% increase (B)
6	Premium Product / ELT Qualifications / Online Delivery Endorsement For endorsed centres	\$990 (\$1089 GST incl)	\$1020 (\$1122)	3% increase (B)
7	Associate Membership	\$250 (\$275 GST incl)	\$250 (\$275)	Same (B)
8	Travel Levy for both QRV visits of international and domestic centres (or just international only?)	Nil	Full cost recovery for travel expenses scheduled for FY21?	New. (UB) 4 international members x \$4K x per year (\$16,000) plus, 55x\$925 domestic members per year (\$50,875)
9	Levy for Non-Affiliated Members (i.e. those Australian members that are not current members of English Australia)	Nil	\$500 per member per year	New. (UB) 76 discrete members (42 shared members) x \$500 (\$38K per year)
10	Registration Levy for Professional Development Activities	Nil	\$10 per event for Members. (Non-members need to become members at \$250pa to attend).	New. (UB) 602 registrations in CY2019 (\$6K per year)
11	Conference Levy	Currently \$250 levy for Non-members.	Increase to \$500 levy for non-members for 2021 conference	New (UB)

12	Turnover Levy	Nil	1cent per \$10	New. Possible additional 8% annual revenue increase (UB)
13	Student Week Levy	Nil	5 cents per student week	New. Possible additional 9% annual revenue increase (UB)
14	Teacher Levy	Nil	\$10 per teacher	New. Possible additional 5% annual revenue increase (B)
15	Additional Course Levy	Provider nominated courses only (normally 1-4 courses are endorsed) @ \$600 per course.	Members to seek NEAS course endorsement for all relevant courses listed on CRICOS (excluding self-regulating HE providers). Tiered pricing for course volume (ie 1-3 courses @ \$600, 4-10 courses at \$300, 10+ courses at \$150 per course.	New. Possible additional 10% application fee increase.

For initial Fee Scenario Analysis conducted with 31 members, please see Appendix 7aiii_SUPPLEMENTARY Fee Scenario