

THE SU DEBT—SPECIAL REPORT

Prepare for changes

Elise Gaudet is vice president finance and administration of the U of A Students' Union. She recorded this interview about SU finances last week with Peter Michalysbyn, editor of the Gateway.

Gateway: Last year at about this time we came out with a story headlined "SU \$300,000 in debt". Do you remember when reading that what your reaction was? You the average student.

Gaudet: Yes, I was kind of an average student last year. In fact I didn't follow it that much. I picked it up and read the story and said, 'oh, that's nice.' I was a bit surprised but I didn't really think much about it after that.

Gateway: Now the SU is somewhat more in debt. But students probably think the same way: it's there, it doesn't affect us; you people will take care of it.

Gaudet: Well, I know there are some councillors who are really concerned about it. Quite a few actually. I hope the students are interested enough to realize that we have to make some changes here.

I hope everybody will realize that with all the things we do this year, all the major changes we make, we're trying to make sure that students won't be affected in any great way.

In fact none of the plans that we have even looked at and we're talking about right now talk about cutting student services at all. Most of the changes come in the managerial side.

Gateway: What would be the effect of these changes?

Gaudet: Students won't be greatly affected. I don't think they'd be affected enough that most of the students would really know that we're changing because we have to refinance our operations in some way.

But then all the changes we're making aren't because of that either, and that's a significant thing for students to notice.

Gateway: How's that?

Gaudet: That the changes we make are sometimes for different reasons. We increase prices maybe because our costs are increasing. So some of the changes they'll see will be caused by external effects, not internal changes.

Gateway: It appears then that students needn't be too concerned. You're handling things here at this end, and out there students are insulated from all this — after they pay their fees they really needn't worry about the debt.

Gaudet: I hope so. I can't promise that there won't be another fee referendum and I can't promise what's going to happen next year; I can only talk about this year.

I think that students should be concerned, because what's going on here this year is very real, especially in this kind of economy.

Gateway: It is a 'real-life' situation?

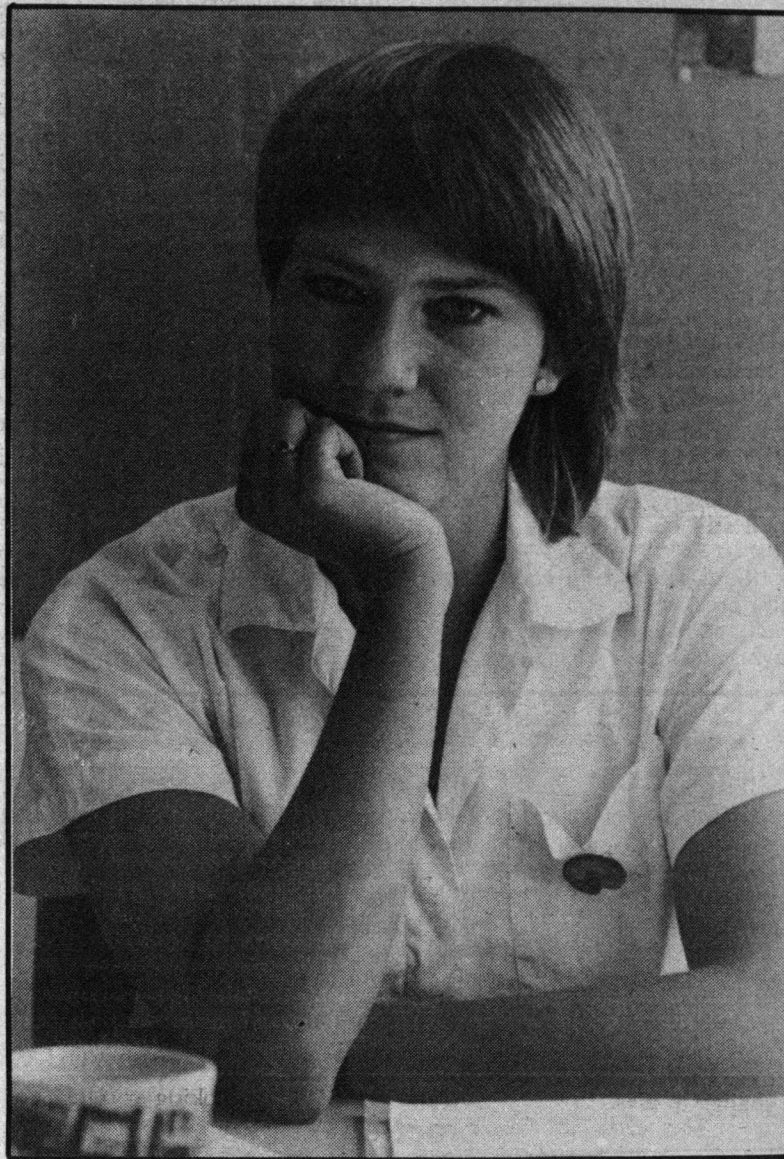
Gaudet: It is a real-life situation. We're here. It's real (the 1 million dollar debt) and I think a lot of students could learn a lot from this sort of experience. Everybody who is involved with the Students' Council has an idea of what it's like. It's kind of a slap in the face. It kind of takes us out of our isolation from everything else. That's one reason students should be concerned.

And because it's their Students' Union and it's the integrity of their funds we've collected — that's another reason students should be concerned.

Gateway: What about the university? They're not going to close the SU down?

Gaudet: I don't think they will. Any banker is like that. Our business manager George Ivanisko worked in the banking field, and he said as a banker he's dealt with this sort of thing before.

In general if there were a client such as the Students' Union



Elise Gaudet, SU v.p. finance, was 'just an average student last year.' Now she's in the thick of a million dollar debt.

photo Ray Giguere

with a high cash flow you're talking about projected revenues in excess of four million dollars which is a lot of money coming in and it's as cyclical as ours is over the year, being in debt a million dollars, being overdrawn on our account especially in the worst

time of the year (the end of the summer), a banker would really not want to come in and declare bankruptcy because that way they have no way of getting their funds back.

But if the university was to look at the kinds of changes we're making and allow us the freedom

to make all those changes within our organization without having to answer to them on a daily basis, just seeing what we're doing and realizing we're really committed to what we're doing would show them that we can guarantee we can pay the funds back within 'x' number of years. I think that's how an external banker would see it. I think we can assure the university that they'll get their money back.

Gateway: You said last year if the Students' Union had been a normal operation it would have been bankrupt by now.

Gaudet: Probably it would have been had there been no plan for getting out of debt. Now this was all when we had a different manager here who was more used to the situation. I think it's almost nice that we have George Ivanisko now to get a change in philosophy.

He's very positive about being able to change things; he's very willing to help us make the changes we think are necessary.

He has quite a different, a broader perspective on business-related things like our debt than any manager we've had in the recent past.

Gateway: Would you say the university should have stepped in before the overdraft went over half a million? Do you think they were being a bit benevolent with the Students' Union?

Gaudet: I think they were just taking a more arms' length look and as long as they were satisfied that the fees were coming in, they were getting their money back and the overdraft wasn't too high that they shouldn't be worried about it.

I think they just sort of stood back and just let things go on as they were without having to step in and say that we had to start doing something soon. They were like a banker then.

I think this year they realized that they maybe should be

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Time: 2:00 - 5:00 p.m.

Location: Room 270A, Student Union Building

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