

## REPORT OF THE EXPERT ASSESSMENT PANEL

7 July 2020

### BACKGROUND

The Expert Assessment Panel (*EAP, Panel*) resulted from the negotiation of a Jobs Protection Framework (*JPF*) between the Australian Higher Education Industry Association (*AHEIA*) and the National Tertiary Education Union (*NTEU*).

The guiding aim of the establishment of the Panel was to provide universities with the opportunity to submit measures to bring their Revenues and Cash Flows to a position that will allow them to better survive the impacts of COVID-19.

The Panel provides transparency and independent review of a University's finances that allows employees to have confidence that any sacrifice they agreed to make in terms of pay and conditions is justified.

### FORMATION

The *Panel* consists of an Independent Chair agreed by the parties, and two nominees from the *AHEIA* and two nominees from *NTEU*. The members are:

Dr Don Russell (agreed independent Chair)  
Professor Annabelle Duncan (*AHEIA* nominee)  
Emeritus Professor James Doughney (*NTEU* nominee)  
Mr Stephen Somogyi (*AHEIA* nominee)  
Ms Gabe Gooding (*NTEU* nominee)

The nominees to the *Panel* and the Chair received letters of appointment setting out their terms of reference as specified in the Jobs Protection Framework - Enterprise Agreement Variation Schedule (*Schedule*) and the agreed Memorandum of Understanding.

The *Panel* was first convened on 8 June 2020 and received briefings from *NTEU*, *AHEIA* and members of the joint Technical Working Group who developed the financial criteria for the assessment of university finances and submissions.

### ROLE

To the best of the *Panel's* knowledge what has been achieved through the negotiation of the *JPF* has never been attempted previously. As a result, and despite the strong guidance contained within the *Schedule*, there has inevitably been some interpretation required by the *Panel*.

The *Panel* understands that the principle underpinning the *Schedule* and the work of the *Panel* is the protection of jobs such that the measures taken to secure jobs are proportionate to the level of impact of COVID-19 on the University. This principle has guided any required interpretation of the *Schedule*.

The role of the *Panel* is to categorise universities into Category A or Category B (as defined within the *Schedule*) and to provide a report. The *Panel* thus performs a key role in providing transparency and accountability and helps promote trust in a difficult environment where universities and their employees urgently need to work constructively together.

In order to perform its functions the *Panel* must be provided with a submission by the University that:

- Includes relevant internally certified financial and enrolment data;
- A demonstration of how the cost saving jobs protection measures proposed are proportional to the financial impact and are necessary to minimise loss of job opportunities; and
- A statement detailing other reasonable cost saving jobs protection measures already implemented.

The *Panel* may also review the categorisation of universities during the period of any agreement variation.

## **ACTIVITY**

The *Panel* has met on eight occasions and conducted the following work:

1. Enhanced a financial reporting template created by the Technical Working Group;
2. Examined proposals from accounting firms and appointed Pricewaterhouse Coopers (*PwC*) as the Independent Accountant assisting the *Panel*;
3. Determined the methodology to be used in assessments;
4. Assessed 5 universities to date; and
5. Provided reports on the assessments as required by the *Schedule*.

## **METHODOLOGY ADOPTED**

The following methodology has been adopted:

1. Any interested university contacts *AHEIA* for information about the relevant documentation required;
2. The *EAP* receives a submission from the University and conducts a preliminary assessment for any obvious errors or omissions;
3. The submission is forwarded to *PwC* who conduct an assessment which includes:
  - a. Inquiring with and holding discussions with the Chief Financial Officer
  - b. Checking the template 2019 numbers against 2019 audited financial statements and enquiring about any material differences
  - c. Re-performing selected calculations to check for accuracy
  - d. Checking the calculations on which category determination is based
  - e. Assessing methodology and underpinning assumptions
  - f. Applying sensitivity scenarios to test for impact on Category determination
  - g. Considering risks related to accounting treatments that could impact on Category determination
  - h. Considering macroeconomic risks
  - i. Assessing the level of savings proposed or implemented from other sources
4. *PwC* presents their report to the *Panel* for consideration;
5. The *EAP* confirms the Category of the University and considers whether, in light of the estimated jobs saved, the measures proposed are proportionate to the University's financial needs;



6. A draft report is prepared by the *Panel* and forwarded to the University for their comments; and
7. A Final report is sent to the University and NTEU.

At the current time, with the appropriate information provided, an assessment and draft report can be forwarded to an applying university within 10 days.

## **OBSERVATIONS**

It is disappointing that *Panel* members continue to receive enquiries that indicate a level of confusion about the *EAP*'s functions and practices. The *Panel* therefore offers the following observations, which it hopes can be of assistance.

### Role

The *Panel* has no power, nor any intent, to mandate actions by universities. Neither does the *Panel* exercise any level of managerial control or usurp any levels of university governance. This is explicit within the *Schedule*. The *Panel* is an advisory body only. It assesses information and provides a report. Actions to be taken by either the University or the Union are entirely within their control.

### Local agreements

All of the submissions assessed so far have involved a locally negotiated variation of the Framework and two have contained measures not contemplated in the original negotiations. The *EAP* understands that there may be further measures proposed by some universities that are not allocated to either Category A or Category B and will assess the proportionality of those on their merit.

Assessments conducted by the *Panel* indicate that each university faces different financial and enrolment challenges (both in substance and in scale), and as such the *EAP* believes that it is in the best interests of each university and its employees to produce a tailored proposal that meets their needs and best minimises loss of job opportunities.

### Confidentiality

All meetings of the *Panel* and all information provided to it are strictly confidential. The final report does not contain any fine level detail of either financial or enrolment projections.

One University has requested, and the *Panel* members have agreed to sign, a binding non-disclosure agreement prior to their assessment.

### Future needs

Analysis of the information provided to the *Panel* also indicates that the period of greatest financial need and impact of the Covid-19 pandemic on universities will be in 2021 and carrying over into 2022. While the *Panel* has no role in negotiating any agreements between universities and the Union, it offers the observation that both parties may benefit from longer arrangements to gain maximum benefit from employee contributions.

The Panel is willing and able to provide any further advice or assistance to interested parties.

Signed:

A handwritten signature in black ink, appearing to read "Dr Don Russell". The signature is written in a cursive, flowing style with a large initial "D".

Dr Don Russell  
Independent Chair, Expert Assessment Panel

Date: 7.7.20