

NATIONAL EXPERT ASSESSMENT PANEL REPORT

LA TROBE UNIVERSITY

Introduction:

The Expert Assessment Panel (EAP) has been established as part of the National Jobs Protection Framework (JPF) negotiated between the Australian Higher Education Industrial Association and the National Tertiary Education Union. The role of the EAP is to assess whether a University meets the criteria for Category A or Category B as described in the JPF. The University is required to present financial and enrolment data, information as to other sources of expenditure savings planned, the proportionality of the measures proposed, and an estimate of the number of jobs saved.

The Panel has received a submission from La Trobe University, which has indicated that it wishes to use some of the cost saving measures within the JPF in order to minimise job losses.

Accountant's Report:

Consistent with the JPF the EAP appointed PwC as the Independent Accountant to verify the projected financial and enrolment figures and the methodology used to produce them.

The Accountant has:

- Inquired with and held discussions with the Chief Financial Officer (CFO) at La Trobe University to examine assumptions, explanations for selected financial information provided and interrogated cost savings measures implemented or planned
- Re-performed selected projected calculations captured within the submission, specifically the Total Revenue Reduction and Core Operating Cash Flow Margin Metrics
- Recalculated the Category determination based on the information provided
- Applied sensitivity scenarios to assess if such analysis would impact the movement between Category A and Category B determination
- Considered risks related to accounting treatment which could impact on the determination of revenue and cash flow determination as provided
- Considered other macroeconomic risks which should be considered in assessing the assumptions
- Assessed whether the methodology applied appeared reasonable and in line with the intent of the JPF
- Considered the level and proportionality of cost savings proposed.

Category:

After analysing all available information, including the report from the Independent Accountant, the EAP has concluded that La Trobe University fits within Category B by virtue of:

- A projected reduction of more than 10% in revenue in 2020 compared with that achieved in 2019; and
- A core operating cash flow margin projected below 3% in 2020.

Alternative sources of funds:

The Panel is satisfied that the University has considered and where appropriate sought to use other available sources of funds including:

- Reduction in travel, accommodation, entertainment, catering and consultancy
- Implemented 20% salary reductions for the senior executive team
- Reduced the capital program except those that are essential for health and safety and those which are too far progressed to halt economically
- Reviewed assets and listed properties for sale
- Drawn on cash reserves and investments
- Additional debt facilities

Proposed cost saving measures:

La Trobe University has proposed to use the following cost saving measures as defined within the JPF:

- 10% reduction in pay (with first \$30,000 exempt)
- Deferral of annual increments
- Deferral of pay rises
- Deferral of pay rises associated with promotion
- Directions to take annual leave

The Panel is satisfied that these cost savings measures are proportionate to the magnitude of the financial challenge that the University faces.

Estimate of Jobs Saved:

The University has indicated that implementation of the cost saving measures within the JPF as proposed will save 225 jobs.

Review:

This assessment will be repeated in six months at the initiative of NTEU or the University, or at any other time if there is an extraordinary change to the University's financial situation. An updated report will be issued with each review.

Signed

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

Dr. Don Russell
Independent Chair, Expert Assessment Panel

Date: 2. 7. 20