

NATIONAL EXPERT ASSESSMENT PANEL REPORT

UNIVERSITY OF TASMANIA

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 (AHEIA) and the National Tertiary Education Union (NTEU). 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 funds used, the proportionality of the measures proposed, and an estimate of the number of jobs saved.

The Panel has received an application from the University of Tasmania, (UTas) 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 employed an Independent Accountant (PwC) to verify the financial and enrolment figures provided and the methodology used to produce them.

The Accountant has:

- Inquired with and held discussions with the Chief Financial Officer (CFO) to understand assumptions, explanations for selected financial information provided and discussion on cost savings measures implemented/planned for implementation by UTas. In particular, they have checked the 2019 Actual results back to the University's audited financial statements and made enquiries to understand the nature of any material movements in the 2020 and 2021 forecasts from those actual results.
- Reperformed selected calculations captured within the UTas submission spreadsheet dated 23 June 2020, specifically the Total Revenue Reduction and Core Operating Cash Flow Margin Metrics to check their accuracy.
- Recalculated UTas Category determination based on the information provided by UTas to check its accuracy.
- Assessed whether the methodology and underpinning assumptions applied by UTas appeared reasonable and in line with the intent of the EAP.
- Applied sensitivity scenarios to assess if such analysis would impact the movement between Category A and Category B determination for UTas.
- Considered risks related to accounting treatment which could impact on the determination of revenue and cash flow determination as provided by UTas.
- Considered other macroeconomic risks which should be considered in assessing the assumptions.
- Considered the level and source of cost savings proposed by Utas.

Whilst the engagement of the Independent Accountant has involved the analysis of financial information and accounting records, it does not constitute an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements and accordingly, no such assurance is provided by PwC.

Category:

After analysing all available information, including the report from the Independent Accountant, the EAP concluded that UTas meets the revenue reduction criteria for Category B in both 2020 and 2021.

Alternative sources of funds:

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

- Reduction in travel, accommodation, entertainment, catering and consultancy
- Reduced budgeted capex for 2020 and 2021
- Put in place an overdraft facility to manage the timing of cash flows
- Drawn on cash reserves and investments to the extent available

Proposed cost saving measures:

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

- Deferral of pay rises
- Deferral of annual increments and pay increases associated with academic promotion.
- Support flexibility of employment to allow some staff to reduce their fraction of employment
- Prioritise voluntary measures to reduce staff numbers, including early retirements and voluntary redundancies.

In addition, senior managers are foregoing a salary increase in 2020 and the University Executive team are foregoing a further minimum 5% (some as high as 20%) of salary to be directed to the Student Support Appeal.

Estimate of jobs saved:

The University has indicated that implementation of the cost savings measures within the JPF as proposed will save 50 jobs over two years. Approximately 330 jobs are estimated to have been preserved due to the non-salary and capital investment savings identified above under Alternative Sources of Funds.

Review:

This assessment may be repeated in six months at the initiative of the 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:



Dr Don Russell
Independent Chair, Expert Assessment Panel.

Date: 10 . 7 . 20