



The Shorter Version of the Victoria University Budget, retrenchments and everything.

Is the University budget currently in deficit?.

No, it is in surplus and VU's financial situation is 'good'. 'VU has been "in the black" over recent years and we will again report a positive result of \$17m' (Liz Harman, email 12/02/2009)

The problem is rather, according to the University, a forecasted future deficit of \$27m which will occur by 2012 and in later years. This means therefore according to the University's logic 'VU still needs to find \$27m in savings and these will come mainly out of staff costs.' (ibid.)

Will there be forced retrenchments?

The answer is a most likely, yes. According to Liz 'VU still needs to find \$27m in savings and these will come mainly out of staff costs.' (ibid.) The University has found 7 million in savings through a round of VDPs, foreshadowed retrenchments in TAFE, increasing workloads, increasing class sizes and cutting course and units, but still wants a further \$20 million in 'savings' which amounts to around a further 200 jobs to balance future 'shortfalls'.

Are there alternatives to sacking staff?

Yes, like any other budget, the Victoria University budget refers to a forward list of planned profits and losses. This planning reflects assumptions about what is necessary for the University and political decisions about the allocation of resources.

Alternative Cash savings which the University could implement immediately to prevent retrenchments

Here is a list of cash savings identified by Dr Jamie Doughney which the University could implement immediately to prevent retrenchments and to generate the 'savings' in the budget it says it requires :

Stop the payouts for retrenchments 2008 to 2010	Savings = \$29,000,000
Take out unapproved Capital Works from the budget which are not funded by external grants 2009-2013 Savings = \$ 25,568,000	Savings = \$ 25,568,000
Factor in unaccounted future staff departures into the budget (natural attrition) 2009-2013 at the conservative projection of 5 per cent rate of attrition per annum. (2000- 2005 averages were 9.9%). Subtract from this calculation possible growth in employee expenses of 6.5 per cent per annum which includes an increase in average salaries and on-costs as predicted by Liz Harman.	Savings = \$ 32,158,000 (includes subtraction of 6.5% forecast of growth in Employee expenses)
Impose austerity measures across the budget line 'Other expenses' in the 2009-2013 budget, cutting cost projections from 4.7 per cent (2009-13) to 2.5 per cent per annum.	Savings = \$ 14,548,000
	Total possible savings= \$ 101,274,000

Source: *There are alternatives to redundancy*, Dr James Doughney
Elected academic representative on Victoria University Council
and Resources Committee, 5 January 2009

These savings do not take into account any extra funding which is forthcoming from the Bradley Report and the Rudd Government (which so far includes \$10.5 million from the Higher Education Infrastructure Fund, \$402,000 from the Diversity and Structural Adjustment Fund, and the Rudd 'one-off' of 'about \$8 million' in the Commonwealth Budget for IT equipment.)

So with all these possible savings, why does the University still want to retrench staff?

A sinister view of the University's program is that it is simply 'workforce renewal' under a different guise.

However, taking th VC at her word, that it is all about the budget, then one can only conclude that the University's budgetary focus is extremely narrow, with possibilities of savings not fully considered. Rather the University continues to focus narrowly on a small number of expense items. The most significant of these being the growth of employee expenses (5-6%) (Liz, op. cit). The University, however, has failed, to fully consider:

- offsets to these employee expenses in unaccounted future staff natural attrition; and
- the overall effect of her unsustainable and over ambitious capital works program funded from the recurrent budget which places pressure on all other cost items.

This is a political choice, which effectively presents a false picture of 'crisis'. The effect is also to privilege 'bricks over people' and to legitimise the starving of funds from core educational activities, such as the employment of staff.

But the University says 'the Melbourne firm of accountants Ferrier Hodgson confirm that the 2009 VU Budget has been properly prepared and there is no trick'.

The NTEU has asked the University repeatedly for an agreed peer review process of the University budget and the assumptions underpinning it. The University has so far failed to agree to any such process.

Instead the University has employed Forensic Accountants Ferrier Hodgson whose narrow brief has been to consider only one alleged comment of Dr Jamie Doughney :

I [Mr Meredith, Ferrier Hodgson] have received oral instructions from Dr Steven Stern, University General

Counsel of Victoria University to provide an opinion as to whether there is any substance to Dr James Doughney's allegation that there has been a "pea and thimble trick" in relation to the preparation of the 2009 Indicative Budget. (Greg Meredith, Ferrier Hodgson Forensics, 15.12.08)

The brief did not include, however, a review of the underlying assumptions of the budget or a review of the choices made by the University in allocating resources to different cost items.

As Mr Meredith says himself:

For the purposes of this report, reliance has been placed upon the budget and forecast financial information provided. As my investigation is focused on the approval of Capital Programmes included in the Budget, and the expected timing of related cash flows, I have relied upon the financial information included in the 2009 Indicative Budget. **I have not audited or investigated the accuracy or reasonableness of the projections included in the 2009 Indicative Budget, or the assumptions upon which they are based.** (ibid)

Dr Doughney has provided a more lengthy reply to this Ferrier Hodgson and Liz Harman elsewhere. However, suffice to say that Dr Doughney has noted: 'No one ever alleged that there was a problem in preparing the budget, just that you [Liz] and DVC Hickman had misused the information. That was the trick.' And the real issue is that on matters of substance, Liz and the University continue to obfuscate and fail to provide answers to the real questions.

What will be the effects of the University's sustainability program if carried out?

The answers are already becoming clear to most staff members: Victorian University will have the worst staff/student ratio in the country, impossible class sizes, more work for permanent staff and less work for casual staff, campus closures, increases in staff workloads, more administration and marking and cuts to courses and units, etc, etc. But there are alternatives not being considered by the University.

Don't take this lying down.

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