ANU Cash, Investments, Liabilities, and Expenditure as of 31 May 2020

Unaudited

**Current Funds and Liabilities**

- Cash at bank: 429
- Cash from loan: 200
- Investment portfolio: 1,206
- CSS defined benefits: (718)
- Protected endowments: 349
- Leave entitlements: 120
- Workers comp: 30
- **Funds available 31 May 2020**: 619

**Remaining 2020 Expenditure**

- Revenue above base case: 75
- Revenue above base case: 25
- **Funds available at end of 2020**: 239

**Increase**

- Cash at bank
- Cash from loan
- Investment portfolio
- CSS defined benefits
- Protected endowments
- Leave entitlements
- Workers comp
- Funds available 31 May 2020

**Decrease**

- Investment portfolio
- CSS defined benefits
- Leave entitlements
- Workers comp
- Funds available 31 May 2020

**Total**

- Cash at bank
- Cash from loan
- Investment portfolio
- CSS defined benefits
- Protected endowments
- Leave entitlements
- Workers comp
- Funds available 31 May 2020

**Funds available 31 May 2020**

- Revenue above base case
- Revenue above base case
- **Funds available at end of 2020**
Waterfall graph

For those who are interested, I have had a diagram prepared by our Finance people, that shows where the money we have to spend is on our balance sheet, where our liabilities are, and how this translates into how much money we will have at the end of the year. The so-called waterfall diagram has money we have to spend raise the bar to a higher level, and expenses and liabilities, lower the bar.

Moving from left to right on the diagram. First the money we have to spend. As of 31 May 2020 we have $429 million in the bank, and that money takes us up the chart by that amount of money. We have in addition, a $200 million loan, the value of which we can spend – so that takes us further into positive territory. Finally, we have a long-term investment portfolio worth $1.206 billion, that takes us up to a total set of financial assets of $1.835 billion.

But against all those financial assets, we have some important liabilities. The largest liability is $718 million we owe to staff members (mostly retired) in their defined superannuation benefits. We have a responsibility to the donors of $349 million to honour the gifts they have made to our endowment to fund specific activities. We owe our current employees $120 million in leave entitlements, and have to make provision of $30 million for workers’ compensation. Each of these items moves us back down the diagram. As of 31 May 2020, we have $619 million of funds available to be spent. This is shown by the height of the waterfall diagram after adding together all the money we have to spend, and subtracting all the liabilities we need to honour in the future. We have put a bar at that height, $619 million, to show where we are at right now.

For the rest of the year, if we look at our expenditure as calculated in May (we call this our base case), we expect to need to use $430 million of the $619 million in assets to pay our bills. The amount of $430 million is calculated from the income we expect to receive for the rest of the year ($520 million), minus $950 million worth of expenditure that needs to occur over the next seven months. This $950 million is what we are trying to reduce for the rest of the year. It already includes savings on capital expenditure where we can make it, and travel. This $430 million of expenditure moves the bar down on the diagram.

We hope that our voluntary separation program, which will help the university meet its longer-term financial constraints, will be successful, and we have allocated $50 million in payouts for this program. This moves the bar down further. We have asked everyone to make $75 million in expenditure savings for the rest of the year, and assuming we achieve this figure, this moves the bar up. Finally, we now believe our base case was $25 million too pessimistic on how much income we will generate when we did our calculations in May. This takes the bar up again. Add all this up (as the waterfall diagram does), and we are left with $239 million at the end of the year – just short of the amount of the funds (three months’ expenditure) that Council has asked us to have in reserve at the end of the year to make sure we can pay next year’s bills.

I realise the balance sheet of the University is not intuitive, and this is as simple as I can make it. It is how I think about the numbers, and these are the exact numbers I am using right now to plan the finances of the University.