



FINANCIAL UPDATE – MAY 2025

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Throughout the Renew ANU initiatives from October 2024, the University has communicated the significant financial sustainability and operational challenges we face.

- The financial objectives of Renew ANU are to bring the University into a financially sustainable position. Generally, this means: Achieving a break-even operating result for 2026 (i.e. align our expenditure with our revenue); and
- To achieve such an outcome by reducing the University's recurrent cost base by approximately \$250 million from the 2024 budget base, comprising approximately \$100 million in salary cost savings and a further \$150 million in non-salary cost savings.

In response to these challenges, the University has proposed a number of changes and principles for future change to re-position the University, its structure, its operation and its finances.

The below financial information is provided as an update to the ANU community, including in response to some feedback received on the Renew ANU principles implementation plan.

2025 Budget & 2026 forward estimate

Our goal through Renew ANU is for a break-even operating result for the 2026 year. The \$250m reduction in operating costs is targeted to seek to achieve that goal.

When considering this information, the following key points should be noted:

- The allocation of a financial budget for a College or Portfolio is a standard part of budgeting and is not a decision about staffing and staffing composition for the local area. Deans and Directors are responsible for making decisions about how their budget is to be utilised and it is for them to determine how best they are to achieve the strategic and operational objectives of the area they lead.
- Information provided in respect of 2026 are forward estimates. These are planning numbers and have been provided to help understand what *may* need to occur in 2026. The 2026 budget has not been finalised and the forward estimates provided may change depending on the various matters, including the actual financial results of the University in 2025 and/or external factors and assumptions for 2026 and beyond.

The 2025 budget & 2026 forward estimate is designed to financially transition the University from persistent operating deficits (which commenced in 2020, with cumulative net deficits of \$521m over the period 2020-2024) to a break-even operating result in for the 2026 calendar year¹.

University Operating Result (\$m)				
	Actuals		2025-2026 Financial Plan (Approved Feb 2025)	
	2023 Actuals	2024 Actuals	2025 Budget	2026 Forward Estimate
Total Revenue excluding Extraordinary Items	1,295	1,358	1,393	1,429
Expenditure				
Total Salary Costs	768	817	826	788
Total Non-salary Costs	659	640	642	639
Total Expenditure before Dep & Borrowing Costs	1,427	1,458	1468	1428
Net Surplus / (Deficit) INCL Depreciation before Extraordinary Items	(132)	(100)	(75)	2
Normalising Adjustments				
Digital Plan (including network modernisation)		40	35	35
Normalised Net Surplus/(Deficit)	(132)	(140)	(111)	(33)

Table 1: 2023 & 24 Actual Operating result & 2025 Budget and 2026 Forward estimate

The 2025 budget and 2026 forward estimate (shown in Table 1, above) includes allowances for salary & non-salary cost reductions which, together with some revenue growth, would achieve a break even operating result in 2026.

This update focuses on salary savings. Further information on non-salary initiatives is available on the Renew ANU [website](#)

The 2025 budget and 2026 forward estimates were prepared with the following key financial underpinning the expense assumptions:

- Salary savings of \$94.3m² have been spread across the 2025 budget and the 2026 forward estimate, with the majority (91% or \$86.3M) applied against recurring salaries. The remaining savings are applied against Q funded budgets.³
- The targeted recurring salary savings of \$86.3m are applied from the 2024 recurring salary budget.
- 2025 University wide budget salary costs are \$826m, across all funds, with recurring salary budget comprising \$527.9m.
- The below Table 2 highlights the aggregated targeted savings (from recurring salary costs) plus EA increases which are provided for in budgets, across 2025 &

¹ Break even Operating result is to be achieved before normalising adjustments, which currently include the University's Digital Plan costs (which are project based and not recurring)

² \$100m in savings was the target, minor adjustments were made to final 2025 budgets reflecting areas where 2024 deficit to budgets (and thus impact to 2025) were lower than forecast. At this time, no further offsetting adjustment has been implemented in 2025 or 2026.

³ Q-funding is a type of funding code used within the University to describe Investment related initiatives strategic to the University, including individual academic research accounts.

26, resulting in a forward estimated recurring salary cost for 2026 of \$519.9m (which forms part of the total \$788m forward estimate of 2026 salary costs).

2026 Salary forward estimate (recurring) \$'000's			
Opening Budget (2024)	less: Targeted savings	plus: EA Increase	2026 Forward estimate
551,636	(86,262)	54,518	519,892

Table 2: Overview of components of 2026 forward estimate recurring salary costs

- In budgeting the 2025 recurring salary budgets for all areas a consistent approach was applied. Key principles in this formula were:
 - The disestablishment of the Vice-Chancellor’s strategic fund
 - Areas holding vacancies had a proportion of those removed from their 2025 budgets, reflecting the desire to protect job security for existing staff
 - Reduction to 2025 budget for Colleges or Portfolios that overspent their 2024 budgets,
 - 2.5% reduction across all areas; and
 - 5.05% increase for EB salary increases.

Savings achieved since Renew ANU 2024 was launched (Oct 2024)

Since Renew ANU 2024 was launched change plans were initiated in the ANU College of Health and Medicine, the Academic Portfolio, Research and Innovation Portfolio and the Campus Environments Division (previously Facilities and Services). Total permanent savings of \$12.5m were achieved through these change plans, which has been reflected in the 2025 budgets (through a lower overall salary cost). The savings have permanently contributed to the reduction of the university's operating cost base.

Quarterly update – Q1 2025 Forecast to Budget

The below Table 3 provides an update on the financial progress of recurring salary costs for 2025, comparing full year forecast (prepared at the end of Q1) relative to budget. This takes into account those savings achieved referenced above.

That comparison presently shows that there is a variance to budget which highlights that multiple local areas are forecast to exceed their 2025 recurring salary budgets. Local areas are working through various mitigation strategies to address budget variances.

Savings from VSS have not yet been reflected in the Q1 forecast. Based on current assumptions there is a potential \$11m saving for 2025, which will be reflected in the Q2 forecast, once the VSS is finalised.

Salary - Recurrent Fund \$000's	2025 Total Salary Budget	2025 Total Salary Q1 Forecast	2025 Total Salary Q1 Forecast ex VSS	Variance Budget vs Q1 Forecast without VSS
Total	\$527,367	\$538,586	\$565,067	-\$37,699

Note: The salary budget and forecast in the table exclude one off change payments under Renew ANU.

Table 3: 2025 recurring salary budget relative to Q1 forecast.

Various areas across the University have confirmed through their Q1 forecast that they are on track to deliver savings, included in their 2025 recurring salary budgets. These savings are delivered without major change through workforce measures, including vacancy and leave management. This is forecast on an annualised basis to contribute \$12.7m of savings towards the overall \$100m salary savings target. Further work across Q2 will occur to ensure the permanent nature of these savings.

Updated VSS Information – 20 May 2025

Number of (VSS) ⁴ approved by the University	175
Number of VSS finalised	29
Number of VSS offers declined or applications withdrawn by Staff members	8
Number of VSS approved but not yet finalised	138

Table 4: Summary of VSS outcomes as at 20 May 2025

The University continues to work with VSS applicants through the remaining stages of the scheme, the status of which is depicted in Table 4. The preliminary assessment on the Voluntary Separation program as of May 2025 is that it will contribute to an annualised savings of \$25.3m from 2026 onwards.

Accordingly, if the projected VSS savings are achieved, the University will have made significant progress towards its salary savings target:

- \$12.5m from previous change plans
- \$12.7m from some savings measures already realised or identified for 2025
- Approximately \$11m in partial year savings in 2025, with a full year savings of \$25.3m expected in 2026, subject to final acceptance of VSS

Accordingly, savings of approximately \$50.5m will be achieved of the target of \$100m in recurrent salary savings.

Further updates

Further quarterly updates will be provided to update staff on the overall progress towards a financially sustainable position.

Further financial information may also be included, where relevant in specific change proposals where they are developed.

⁴ Further information about VSS such as when it commenced and participation of staff in the scheme can be found at [Voluntary Separation Scheme \(VSS\) | Australian National University](#)