

UTS Disclosure Log Entry – GIPA2025/18

Provided under s.25 of the NSW Government Information (Public Access) Act 2009.

Date decided:

19 December 2025

Scope of request:

The following 2 documents from the Finance Committee meeting 11th November 2025

- CFI 25-5 - 3.2 UTS Preliminary Financial Plan and 2026 Budget
- CFI 25-5 - 3.2, Att 1 Preliminary Financial Plan 2026- 2030

Disclosure Log version 1

DOCUMENT 3.2

UNIVERSITY OF TECHNOLOGY SYDNEY

FINANCE COMMITTEE

**** CONFIDENTIAL ****

AGENDA ITEM 3.2

MEETING 25/5

**MR GLEN BABINGTON
CHIEF OPERATING OFFICER**

11 NOVEMBER 2025

UTS PRELIMINARY FINANCIAL PLAN AND 2026 BUDGET

Risk Taxonomy Cross-Reference:

A: Liquidity – Inability to meet financial liabilities obligations.

B: Revenue and margin – Inability to generate adequate revenue and maintain the profit margins.

Purpose

To provide the Finance Committee with the Preliminary Financial Plan and 2026 Budget for discussion.

Recommendation

The Finance Committee to receive and note the report, as detailed in Document 3.2 – *UTS Preliminary Financial Plan and 2026 Budget* and **Attachment 1**.

Executive Summary

The Preliminary Financial Plan and 2026 Budget is at **Attachment 1**.

The University's Preliminary Financial Plan is designed to maintain flexibility amid ongoing policy and funding uncertainty, with a focus on measured growth, disciplined cost management, and strategic reinvestment. The Preliminary Financial Plan 2026–2030 demonstrates a disciplined approach to restoring financial health, and balancing growth ambitions with prudent risk management.

The Plan's success is contingent on external policy stability, international student demand, and the effective execution of the Operational Sustainability Initiative (OSI). Management will monitor these key drivers closely as the University progresses through this period of transformation and provide a Final Financial Plan at the Feb 2026 Finance Committee for consideration.

The Plan assumes continued solid performance in international markets, stable domestic revenue under the MGF, and successful delivery of OSI benefits.

With OSI implemented, the University will be well-positioned to meet its bond obligations, rebuild cash reserves, and support future strategic initiatives, provided key assumptions hold.

Environment

The University is navigating a challenging external environment, marked by government policy constraints on revenue, inflationary pressures, and evolving regulatory scrutiny. Since COVID-19, international student enrolments and domestic funding reforms have introduced significant uncertainty. In response, the University has adopted a prudent financial management strategy focused on resetting its structural deficit, rebuilding financial resilience, diversifying revenue streams, and unlocking reinvestment capacity.

Financial Performance and Outlook

The Preliminary Financial Plan (FP) projects a return to surplus in FY27 (previously FY26) and achieving a net margin within the 3–5% target range from FY27. By FY29–30, the net surplus is forecast to average \$90 million (5% net margin), compared to a pre-COVID average of 7% (2016–2019). The Plan forecasts an accumulated net surplus of ^{S.14, cl4(c)(d)} \$ [REDACTED] over the period, underpinned by the correction of the structural deficit through the OSI.

OSI

The OSI is central to restoring financial sustainability, targeting structural cost reductions and operational simplification. The revised annualised benefit is \$85 million (down from an initial \$100 million target), with \$65 million in workforce savings and \$20 million in non-workforce savings.

Full and timely implementation of OSI remains uncertain with change proposal consultation not final. Uncertainty remains in the implications for workforce costs, savings delivery, and ultimately long-term forecasts. The plan includes \$42 million in redundancy costs (FY25) and \$15 million in program implementation costs (FY26).

Without OSI, the University will not return to a long term financially sustainable position. Without OSI, the University would have to face the following:

- deficit positions through until FY29 with a marginal break-even;
- net margin achievement of 1% in FY29 below safety target margin range;
- closing cash position 2030 \$114 million only marginally above current day minimum liquidity levels (which would be anticipated to be higher in 2030);
- closing cash position 2030 would contribute to a current ratio estimated at less than 0.7 times current liabilities; and
- closing cash position ongoing provides no financial resilience in the event of unforeseen financial risks.

Revenue and Student Load

Total net revenue is projected to grow from \$1.13 billion in FY24 to \$^{s.14, cl4(c)(d)} in FY30, a compound annual growth rate (CAGR) of approximately 6%.

Growth is primarily driven by student load income (88% of total revenue), with international student numbers increasing due to higher national planning levels and favourable visa outcomes. Domestic revenue remains stable, constrained by the Managed Growth Funding (MGF) scheme and capped places from 2027.

External research income is expected to grow from \$127 million to \$^{s.14, cl4(c)(d)}, maintaining roughly 12% of total revenue.

Costs and Investments

Costs of acquisition (COA) are forecast to rise from \$184 million to \$^{s.14, cl4(c)(d)}, reflecting increased fee waivers and discounts necessary to maintain student load in a competitive market. COA as a percentage of revenue is expected to remain stable at 18–19%.

Employee benefits remain the largest cost category, increasing from \$692 million to \$^{s.14, cl4(c)(d)}, including OSI impacts and wage inflation.

Capital investment is constrained to \$75 million in 2026 and \$107 million in 2027, before stabilising at a sustainable reinvestment average of \$135 million per annum. Short term constraint is necessary ahead of the 2027 \$300 million bond repayment.

Cash, Liquidity, and Debt

The Plan eliminates the need for new debt (\$40 million) previously required for bond repayment, following tight financial management and capital constraint decisions through 2025 and planned into 2026 and 2027.

Closing cash is projected to rebuild to \$371 million by 2030 (excluding NFNC) following Bond repayment in 2027. This level supports a current asset ratio of 1.1–1.2, satisfactory level for liquidity and resilience.

Debt facilities remain stable, with the \$300 million bond scheduled for repayment in 2027 and \$200 million revolving credit facilities refinanced to 2030.

Risks and Opportunities

The Plan identifies a net profit risk of approximately \$12 million per annum, with the most material sensitivities being international student load and OSI benefit realisation. Downside risks include failure to achieve international EFTSL targets and higher-than-expected non-salary costs. Upside opportunities include higher investment income and improved cost management.

Attachment

1. Preliminary Financial Plan 2026- 2030 (includes 2026 Budget)



Preliminary Financial Plan 2026 -2030

Finance Committee
November 2025

Table of Contents

Introduction	3
External environment	3
Financial highlights	3
Preliminary FP vs prior plan	5
Profit and Loss	6
Revenue	8
Operational Sustainability Initiative	13
Expenses	14
Employee benefits (EB)	14
Expenses excluding workforce costs	17
Investments	18
Cashflow and cash	18
Liquidity and debt	19
Risks and Opportunities [WIP]	20
Importance of OSI	20
Appendices	21

Introduction

The University's Preliminary Financial Plan is designed to maintain flexibility amid ongoing policy and funding uncertainty, with a focus on measured growth, disciplined cost management, and strategic reinvestment. The Preliminary Financial Plan 2026–2030 demonstrates a disciplined approach to restoring financial health, and balancing growth ambitions with prudent risk management.

The Plan's success is contingent on external policy stability, international student demand, and the effective execution of the Operational Sustainability Initiative (OSI). Management will monitor these key drivers closely as the University progresses through this period of transformation and provide a Final Financial Plan at the Feb 2026 Finance Committee for consideration.

External environment

The external operating environment remains challenging as government policy continues to constrain revenue growth, coupled with cost pressures from low economic and productivity growth, inflation above national target, and cost of living pressure. The University has operated in a challenging external environment since COVID and anticipates these conditions to remain over the short to medium term.

As such, the University continues with its prudent financial management strategy to ensure long-term sustainability. This includes resetting a structural deficit, rebuilding financial resilience, diversifying revenue and unlocking reinvestment capacity.

Key aspects of the external environment include:

- Policy uncertainty constraining top line international revenue growth and margin, through diversification requirements (margin) and visa control measures (volume);
- Global economic conditions as well as competition for market share;
- Domestic funding redesign continues to evolve and is not yet fully specified, with capped domestic places anticipated from 2027;
- Universities Accord research funding reforms have not yet been implemented;
- Intensified regulatory scrutiny on student welfare, quality, and financial sustainability with several universities announcing change; and
- Continued high cost of technology and infrastructure programs.

Financial highlights

The Preliminary FP reflects a return to surplus in FY27 (FY24 FP: surplus FY26) and within the 3–5% target range. Net surplus matures at an average \$90million over 2029 and 2030 (5% net margin; pre-COVID 7% average 2016 – 2019).

Capital investment is constrained to \$75million in 2026 and \$107million in 2027, before achieving a longer-term sustainable reinvestment average of withheld s.14, c14(c)(d) per annum. The constraint over 2026 and 2027 provides necessary prudence ahead of the Bond repayment and reflects the required focus on OSI program delivery.

In the prior plan, new debt of \$40 million was required to support the ability to repay the Bond in 2027. In this Preliminary FP, debt drawdown is no longer required as a result of improved 2025 performance through tight financial management and improved revenue, coupled with proposed additional constraint in capital over 2026 and 2027 (reduced by

\$57 million). This additional constraint over 2026 and 2027 reflects the short term focus on delivering OSI and ensuring ability to repay the Bond.

Closing cash rebuilds over the period to approximately withheld s.14, cl4(c)(d) (excluding National First Nations College and other tied funds). This allows the University to achieve an estimated current asset ratio of 1.1 – 1.2 (Current liabilities 2024: \$426 million), a satisfactory indicator of liquidity and financial resilience.

Table 1: FP overview

\$m	FY24A	FY25B	FY26	FY27	FY28	FY29	FY30
Total revenue	1,314	1,398	withheld s.14, cl4(c)(d)				
Costs of acquisition (COA)	-184	-194					
Net revenue	1,130	1,204					
Total Expenses (excl Depreciation and Interest)	1,046	1,095					
OSI one off costs	0	37					
Underlying EBITDA	84	110					
Depreciation & Interest	165	168					
Underlying net result	-81	-58					
Net result	-81	-95					
 Closing cash (excl NFNC)	 368	 404					
Investments (total)	86	120					

Net Entity Result & EBITDA

The University forecasts an accumulated net surplus of withheld s.14, cl4(c)(d) over the period. This follows the correction of the structural deficit through the OSI program. Net margin average matures at an average \$90 million in the mid-term (5% net margin).

An average EBITDA margin of 16% (Pre COVID average 2016 – 2029 16%) enables repayment of the \$300 million bond and strategic reinvestment. Post OSI structural corrections and disciplined workforce management will assist in sustaining EBITDA.

Operational Sustainability Initiatives (OSI)

OSI change proposals are released for consultation at the time of preparing the Preliminary FP and as such the outcomes remain uncertain.

The Preliminary FP reflects a revised annualised total benefit of \$85 million, compared with the initial target of \$100 million. Over the forecast period, savings amount to \$302 million (excluding wage inflation).

Revenue and expenditure

Student load income CAGR over the period is 6.7%. This includes international EFTSL growth of 4%, reflecting the increased international caps versus prior FP.

Costs of acquisition CAGR over the period is 9.8%, reflecting the increased fee waivers required to maintain the existing continuing student load and attract commencing students in a very competitive environment within South East Asia.

Workforce CAGR over the period is 3%, including OSI implications. Other expenses CAGR over the life of the FP is 6%, reflecting the increased ability to invest back into strategic initiatives as operating gross margin improves.

Without implementation of OSI workforce benefits, the University would not achieve the target 3-5% net margin, key to ensuring long term sustainability and financial resilience.

Cash and Investments

Cash at the end of 2030 is withheld s.14, c14(c)(d) (excl NFNC and other tied funds) (FY25: \$404m) following repayment of the \$300m Bond in 2027.

Without the implementation of OSI workforce benefits, the University will not achieve satisfactory cash levels required for ensuring long term sustainability and financial resilience.

Preliminary FP vs prior plan

Further details are provided throughout the Plan; however, for clarity, key high-level planning assumptions adjusted from the prior FP are summarised in the following table.

Table 2: Preliminary FP vs Prior FP

Plan on plan	FY26	FY27	FY28	FY29	FY26 - FY29
Prior plan	<small>withheld s.14, c14(c)(d)</small>				
Revenue					
COA					
Workforce					
OSI benefit					
OSI redundancy					
Other					
Variance to prior					
Current plan					

- **Revenue:** Increase in international student numbers with National Planning Level of 295,000 for 2026, and projected share of annual commencing students. No material impact on Domestic revenue (although EFSTL varies) assumed over the period.
- **Cost of acquisition:** Increase in International Fee waivers and discounts reflect an increased profile as a percentage of revenue (22% to 24%) compared to prior plan (wound down to 10% in 2029) which assumed gradual reduction toward pre-COVID levels; current conditions suggest this will not materialise.
- **Workforce:** OSI benefit reduction from \$80 million in prior plan to ~\$65m. For comparability, the prior plan (approved by Council in March 2025) has been restated to reflect \$80 million of workforce benefits and \$20 million of non-salary investment savings, consistent with current assumptions.
- **Other expenses:** Includes a lower baseline from OSI Cost management program and reduction in forecast in the outer years for strategic investment.

The charts below shows that the Preliminary FP returns to surplus in FY27 (prior plan: target FY27) and net margin within 3% - 5% target range in FY27 (prior plan FY27).

Chart 1: Net result - Preliminary FP vs prior FP

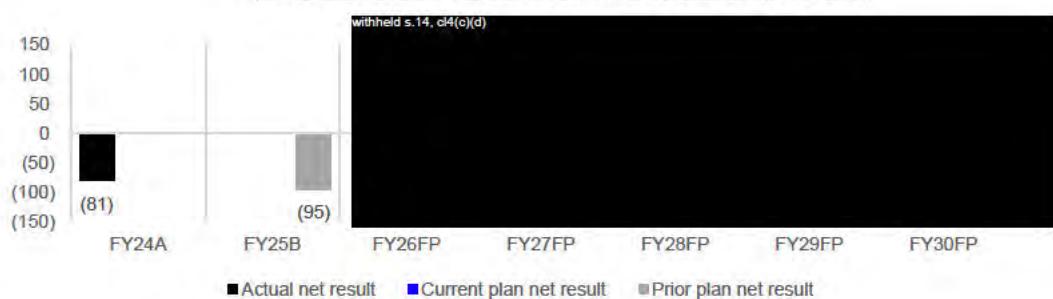


Chart 2: Margin on gross revenue - Preliminary FP vs prior FP



Profit and Loss

The Preliminary FP reflects a steady recovery in financial performance, by addressing the structural deficit through OSI, and sustained margin improvement through modest revenue growth and disciplined cost management.

The Preliminary FP enables long term financial sustainability with measured growth, while maintaining flexibility amid ongoing policy and funding uncertainty.

Table 3: Preliminary FP Financial performance

\$000	FY24A	FY25B	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP
Student load income (incl HDR)	1,007	1,103	withheld s.14, c4(c)(d)				
External research income	127	129					
Other income	180	167					
Costs of acquisition	-184	-194					
Net Revenue	1,130	1,204					
Employee benefits (excl one-off)	692	718					
Occupancy & Corporate Costs	62	64					
Other expenses	161	184					
Total Opex excl Deprec & Interest	914	966					
External research expense	132	129					
Underlying EBITDA	84	110					
One-off expense	0	37					
EBITDA	84	73					
Depreciation & Interest	165	168					
Total Expenses	1,210	1,299					
Net result	-81	-95					
Underlying net result (excl redundancy)	-81	-58					
External research margin	-5	-0					
Net result on gross revenue %	-6.1%	-6.8%					
Underlying net result on gross revenue % (excl redundancy)	-6.1%	-4.2%					

Financial Highlights (FY24A–FY30FP)

Revenue

- Total net revenue increases from \$1.13b in FY24 to withheld s.14, cl4(c) reflecting a CAGR of ~6.2%.
- Student load income drives the growth, rising from \$1.0b to withheld s.14, cl4(c).
- External research income grows from withheld s.14, cl4(c) to \$194m, maintaining roughly 12% of total revenue.

Operating Expenditure

- Employee benefits remain the largest cost category, increasing from \$692m to withheld s.14, cl4(c)
- Total operating expenditure (excl. depreciation & interest) grows moderately from \$914m to \$1.16b.
- Other expenses rise moderately above inflation (from \$161m to withheld s.14, cl4(c)) reflecting strategic investments.

Operating Performance

- EBITDA improves from \$84m in FY24 to withheld s.14, cl4(c) in FY30, demonstrating strengthening operating margins.
- EBITDA margin increases from ~7% to withheld s.14, cl4(c) of net revenue.
- Net result improves from a loss of \$81m in FY24 to a surplus from FY27, withheld s.14, cl4(c) by FY30.

Margins and Sustainability

- Net result margin improves steadily from -6.1% in FY24 to withheld s.14, cl4(c)(d) FY30 with return to surplus strategy.
- External research margin stabilises at around 1% from FY27 onwards.

One-off Impacts

- A \$37m one-off expense in FY25 is assumed for OSI severance costs.

Revenue

Total net revenue increases from \$1,130 million in FY24 to withheld s.14, cl4(c)(d) in FY30, representing a compound annual growth rate (CAGR) of approximately 6%.

Growth is primarily through student load income - underpinned by EFTSL assumptions about the Managed Growth Target (MGT) scheme and the international caps outlined in the sections below, with moderate contributions from external research income and stable trends across other categories.

Overall net revenue increases by \$493m over six years despite rising acquisition costs.

Table 4: Revenue overview (\$000)

	FY24A	FY25B	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP
Student load income (incl HDR)	1,007	1,103	withheld s.14, cl4(c)(d)				
External research income	127	129					
Other income	180	167					
Commonwealth block grants	47	48					
Other Commonwealth grants	15	14					
Non coursework revenue	43	40					
Other Income	74	64					
Costs of acquisition	-184	-194					
Net Revenue	1,130	1,204					

Student load income (including HDR) accounts for ~88% of total revenue and grows from \$1,007 million in FY24 to withheld s.14, c14(c)(d) in FY30, a 6.9% CAGR. Growth aligns with the Managed Growth Target (MGT) and NOSC settings currently assumed in the Plan.

External research income increases from \$127 million to withheld s.14, c14(c)(d) over the period (7.3% CAGR), indicating continued strength in competitive grant performance and strategic research partnerships.

Other income categories

- Commonwealth block and other grants remain steady, increasing modestly from \$62 million to withheld s.14, c14(c)(d) million, broadly consistent with indexation.
- Non-coursework revenue (e.g. executive education and short courses) grows marginally from \$43 million to withheld s.14, c14(c)(d), reflecting steady demand.
- Other income (including commercial, investment, and ancillary revenues) remains relatively flat, recovering slightly after a soft FY25.

Costs of acquisition increases from \$184 million in FY24 to withheld s.14, c14(c)(d) in FY30, growing broadly in line with student income and representing a stable proportional cost base (~18–19%).

Student load

The chart below shows that total EFTSL (excluding offshore and including OPM, NC, exchange, and study abroad) is projected to grow modestly over the forecast period — from 36,839 in FY24A to withheld s.14, c14(c)(d) CAGR).

Growth is primarily driven by withheld s.14, c14(c)(d)

While total EFTSL increases over the period, EFTSL over the comparative period is lower than in the prior plan. The decline in domestic load is partially offset by growth in international EFTSL, noting that both variances should be considered in the context of overall revenue impacts, particularly given fundings changes (domestic) and fee waivers and discounting practices that further erode the underlying revenue base (international). While the impact of OSI-affected courses remains uncertain, the current assumption is that the capped EFSTL load (domestic and international) will be met.

Chart 3: EFTSL - excl Offshore, incl Exchange students, study abroad, Non-course work

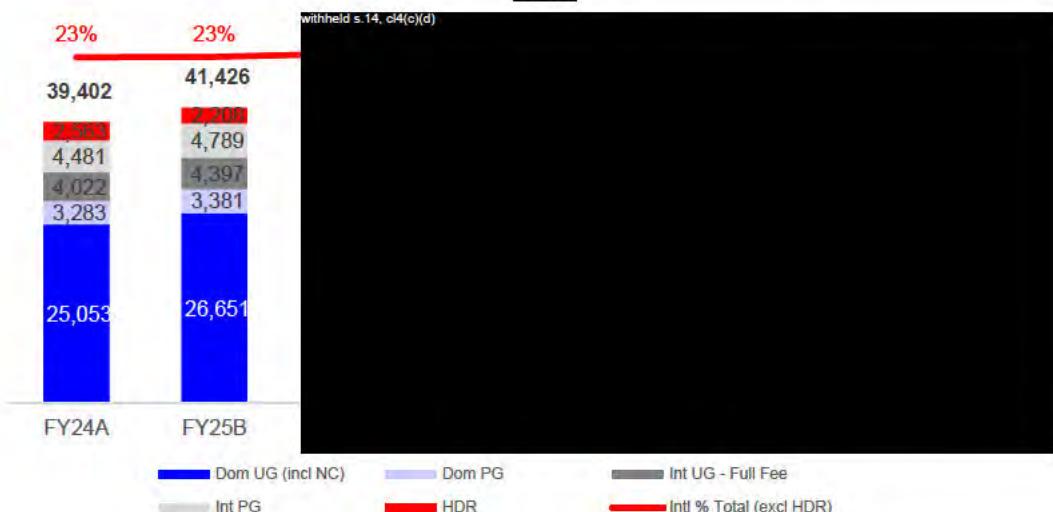


Table 5: EFTSL - excl Offshore, incl Exchange students, study abroad, Non-course work

	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP	FY30FP
Preliminary FP - Domestic	withheld s.14, c4(c)(d)					
Prior FP - Domestic						
Variance						
Preliminary FP - International						
Prior FP - International						
Variance						
Preliminary FP - Total						
Prior FP - Total						
Variance						

Domestic student load revenue and EFTSL

Domestic EFSTL and revenue growth are projected to be moderate over the Plan, with changes in commencing load each year gradually impacting total load and revenue.

The tables below show withheld s.14, c4(c)(d) CAGR in domestic revenue, reflecting assumptions that withheld s.14, c4(c)(d)

Compared to the prior plan, there are withheld s.14, c4(c)(d) fewer commencing domestic EFTSL over FY26–FY29; however, the gross revenue impact is negligible due to the introduction of the Managed Growth Funding scheme and the negotiated glidepath.

While the specific parameters of this arrangement will be reviewed and renegotiated annually, it is unclear if this approach will continue. Within this uncertainty, revenue beyond FY30 is also unclear, as glidepath funding concludes and only students within the cap will be funded.

In line with current expectations that universities exceeding the cap will need to demonstrate actions to reduce over-enrolment, a notable assumption in the Preliminary FP is that commencing EFTSL remains flat in the outer years of the Plan.

Table 6: Domestic revenue

	FY24A	FY25B	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP	CAGR
Dom UG (CSP, HECS)	501,527	539,772	withheld s.14, c4(c)(d)					
Dom PG (CSP, HECS)	-	-						
Dom PG - Full Fee	54,961	58,905						
Dom PG - OPM	38,841	41,929						
Dom PG	93,802	100,834						
Total (incl OPM, NC)	595,328	640,606						
Dom YOY growth	11%	8%						

Table 7: Domestic EFTSL

	FY24A	FY25B	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP	CAGR
Dom UG (CSP, HECs)	25,053	26,651	Withheld s. 14, cl4(c)(d)					
Dom PG (CSP, HECs)	421	452						
Dom PG - Full Fee	1,545	1,561						
Dom PG - OPM	1,318	1,369						
Dom PG	3,283	3,381						
Total (incl OPM, NC)	28,336	30,033						
Dom YOY growth	9%	6%						

CSP and Managed Growth Funding

The new Managed Growth Funding (MGF) system for Commonwealth Supported Places (CSP) is scheduled to commence on 1 January 2026.

In simple terms, the MGF will set a maximum number of CSP as a Managed Growth Target (MGT) for eligible providers. This is a hard cap above which providers are not permitted to enrol students. Enrolments above the MGT will not be eligible for Commonwealth Grant Scheme (CGS) funding, and institutions will not be permitted to retain student contribution amounts (SCAs) for those places.

Some providers, including UTS, are currently enrolled above their EFTSL cap. As a result, a “glidepath” arrangement is being negotiated with the Commonwealth. Under this evolving framework, students within the EFTSL cap will continue to be fully funded, while students enrolled above the cap will attract a scaled student contribution over a glidepath period (FY27–FY30).

Full Fee Domestic Students

Over the forecast period, full-fee students account for approximately Withheld s. 14, cl4(c)(d) domestic postgraduate enrolments. This segment remains highly competitive, with minimal EFTSL growth projected in non-OPM cohorts and negative growth in OPM cohorts.

At a university level, postgraduate fees are around 60% higher than undergraduate fees. However, as approximately one-third of postgraduate students are enrolled through Online Program Management (OPM) arrangements, which attract an estimated ~50% management provider fee, the net fee yield for these students is only around 30% higher than undergraduate fees.

International student load revenue and EFTSL

The Preliminary FP reflects an improved international projection due to:

- National planning level upwards adjustment to 295,000 for 2026 (an increase of 25,000 from 2025) across higher education and VET. The FY26 NOSC is 5,350 (up from 4,800 for FY25).
- University FY25 commencing load exceeded the target by 959 EFTSL, boosting projected future load. Although the December 2024 visa-processing prioritisation

system (Ministerial Direction 111) was expected to limit commencements, its impact has been minimal.

The favourable impact on revenue from enrolling 1,326 additional commencing EFTSL over the period is estimated at approximately withheld s.14, c4(c)(d) (FY26–FY30) prior to the adjusted fee waiver and discount assumptions, as discussed below.

International EFTSL as a percentage of domestic EFTSL is projected s.14, c4(c)(d) FY30.

Table 8: International revenue

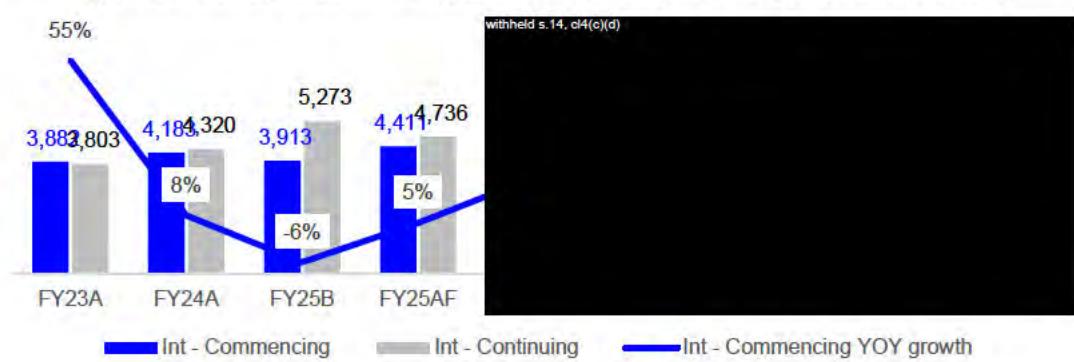
	FY24A	FY25B	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP	CAGR
Int UG - Full Fee	168,083	198,292	<small>withheld s.14, c4(c)(d)</small>					
Int PG	205,664	230,394						
Total (incl OPM, NC)	373,746	428,686						
Int YOY growth	14%	15%						
Intl % Total (excl HDR)	39%	40%						

Table 9 International EFTSL

	FY24A	FY25B	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP	CAGR
Int UG - Full Fee	4,022	4,397	<small>withheld s.14, c4(c)(d)</small>					
Int PG	4,481	4,789						
Total (incl OPM, NC)	8,503	9,185						
Int YOY growth	11%	8%						
Intl % Total (excl HDR)	23%	23%						

International revenue growth assumes additional EFTSL beyond the NOSC and UTS' share of new places, supported by strong Southeast Asia presence, though student housing constraints remain a challenge. Outer-year NOSC growth is uncertain; for this Preliminary FP, commencing load is assumed to increase withheld s.14, c4(c)(d) from FY28.

Chart 4: Shape of current plan load: International commencing and continuing EFTSL (excl offshore, incl exchange students, study abroad, non-course work)



International fee waivers and discounts

The prior plan assumed a gradual reduction in international fee waivers and discounts toward pre-COVID levels as market conditions normalized; however, current conditions suggest this is unlikely, with fee waivers expected to remain a higher proportion of revenue.

While the Preliminary FP shows higher gross international revenue, the overall net impact is anticipated to be adverse compared with the prior plan, withheld s.14, c4(c)(d)

Key assumptions underpinning this include the percentage of international commencing EFTSL receiving a fee waiver, withheld s.14, c4(c)(d) and the average fee waiver per international commencing EFTSL, withheld s.14, c4(c)(d)

Table 10: International fee waivers and discounts

Preliminary FP	FY26FP	FY27FP	FY28FP	FY29FP	FY30P
Fee revenue	<small>withheld s.14, c4(c)(d)</small>				
Waivers and discounts					
Net					
Waivers and discounts as %					
 Prior FP					
Fee revenue					
Waivers and discounts					
Net					
Waivers and discounts as %					
Variance to prior plan	FY26FP	FY27FP	FY28FP	FY29FP	
Fee revenue	<small>withheld s.14, c4(c)(d)</small>				
Waivers and discounts					
Net					
Waivers and discounts as %					

Operational Sustainability Initiative

The OSI programs were established to ensure UTS remains financially sustainable within an increasingly constrained funding and policy environment. The Initiative seeks to reduce structural costs, simplify operations, and realign resources to support the University's core teaching, research, and student experience priorities.

The implementation of the OSI remains uncertain, with implications for workforce costs, savings delivery, and long-term sustainability forecasts. The Preliminary FP reflects a revised annualised benefit of \$85 million (initial target of \$100 million).

Costs and benefits associated with the OSI included in the Preliminary FP are summarised below:

- \$20 million CMP benefits: non-workforce savings realised in FY25.
- \$65 million annualised workforce benefits: reflecting 107 FTE academic staff savings (nine month realisation in FY26), and 209 FTE professional staff savings (six month realisation in FY26).
- \$42 million in redundancy one-off expenses (recognised in full in FY25, with cash payments in FY26) excluding accrued leave entitlements.
- \$15 million in program implementation costs in FY26.

Table 11: OSI impacts in the Preliminary FP

Savings	FY26	FY27	FY28	FY29	FY30	FY26 – FY30
<u>Savings</u>						
Academic	25,125	8,375				33,500
Professional	15,900	15,900				31,800
Incremental	41,025	24,275	0	0	0	65,300
Cumulative (excl inflation)	41,025	65,300	65,300	65,300	65,300	302,225
<u>Cash payout</u>						
Accrued leave entitlements	15,834					15,834
Redundancy one off expenses	41,900					41,900
Total	57,734	0	0	0	0	57,734

Expenses

Employee benefits (EB)

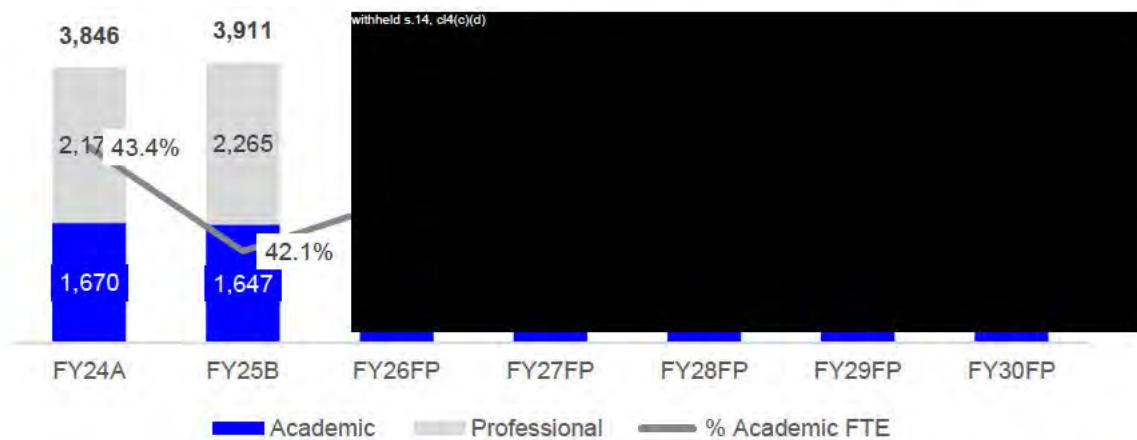
The Preliminary FP considers the impact of OSI-related workforce reductions alongside cost-to-teach assumptions and project-related costs.

Academic FTE are expected to reduce by 142, with provision made for workforce growth based on the per-EFTSL academic direct cost to teach in line with the FY24 Academic Course Viability, adjusted for wage inflation and student load growth at 50% efficiency of scale.

The academic workforce is projected to remain at approximately 42–44% of total FTE; maintaining overall workforce balance. No specific provision has been made for teach-out costs, a risk noted later in the paper.

For professional staff, the planned OSI impact results in a reduction of 209 FTE, with growth assumptions beginning in FY27.

Project-related workforce peaks, primarily professional roles, are driven by the ERP implementation (FY25–FY27, peaking in FY27) and the OSI project (FY25–FY26). The split between permanent and casual staff are yet to be determined.

Chart 5: FTE growth and Academic to Professional FTEA ratioTable 12: Workforce costs by year and OSI benefits (excl External research)

	FY24A	FY25B	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP	FY26-FY30
Academic	329	369	withheld	withheld	withheld	withheld	withheld	withheld
YOY growth	11.4%	3.0%	withheld	withheld	withheld	withheld	withheld	withheld
Professional	343	380	withheld	withheld	withheld	withheld	withheld	withheld
YOY growth	9.8%	10.8%	withheld	withheld	withheld	withheld	withheld	withheld
Agency	20	6	withheld	withheld	withheld	withheld	withheld	withheld
Total	692	755	withheld	withheld	withheld	withheld	withheld	withheld
YOY growth	10.5%	9.1%	withheld	withheld	withheld	withheld	withheld	withheld

	FY24A	FY25B	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP	FY26-FY30
OSI Benefits - Academic			(25)	(8)	-	-	-	(34)
OSI Benefits - Professional			(16)	(16)	-	-	-	(32)
OSI Benefits			(41)	(24)	-	-	-	(65)

- Workforce growth above wage inflation reflects cost to teach assumption increases (linked to EFSTL growth), project support (OSI, ERP) and leave revaluation assumptions.
- Includes assumed OSI workforce reduction of \$65 million
- OSI benefits of \$65 million realised over 2 years.

The table below shows how workforce costs increase year on year.

Table 13: Workforce cost year on year growth

	2026	2027	2028	2029	2030
Baseline					
Wage inflation					
Incremental cost to teach					
OSI changes					
Leave Reval					
Strategic project changes (ERP, OSI)					
Other					
Added to baseline					
Leave days (19 days taken vs 20 accrued / FTE)					
Other					
Not carried forward					
Total					

The baseline reflects the prior year's spend, adjusted to remove one-off costs not carried forward as part of the ongoing workforce.

For example, OSI-related redundancy costs incurred in FY26 and FY27 are one-off expenses and are excluded from the baseline. Conversely, ongoing OSI-related workforce changes are incorporated into the baseline on a continuing basis.

Strategic project changes reflect the year-on-year variance, not total cost. For example, in FY27, strategic project workforce costs are \$19 million lower than in FY26. This includes a \$10 million reduction in ERP workforce costs and a \$9 million reduction in OSI workforce costs.

The ERP project concludes in FY28 and the OSI project in FY27.

The Student-Staff Ratio (SSR) is seen as an indicator of teaching quality and in practice it is used as a planning and monitoring tool to balance costs with teaching quality and student experience. While some disciplines, particularly in health and clinical fields, have prescribed SSR benchmarks for accreditation or safety reasons, there are no uniform national SSR guidelines across the Australian university sector. TEQSA's *Higher Education Standards Framework (Threshold Standards) 2021* requires universities to maintain adequate staffing to ensure quality learning outcomes but does not prescribe specific ratios.

University-wide Student Staff Ratio (SSR) continue to rise, reflecting efforts to balance financial efficiency with teaching quality and student outcomes.

Chart 6: SSR including External research

University-wide SSR continues to rise, reflecting efforts to balance financial efficiency with teaching quality and student outcomes.

Expenses excluding workforce costs

The table below shows Expenses excluding workforce costs over the period.

Table 14: Expenses excluding workforce overview

\$m	FY25FP	FY26FP	FY27FP	FY28FP	FY29FP
Occupancy & Corporate Costs	64	withheld s.14, c14(c)(d)			
Other expenses	179	withheld s.14, c14(c)(d)			
Depreciation & Interest	168	withheld s.14, c14(c)(d)			
Total other costs	412	withheld s.14, c14(c)(d)			

- Occupancy & corporate costs include repairs and maintenance, cleaning, security, utilities, rent & rates
- Depreciation reflects the capital investment today date and over the life of the plan.

Other expenses are grown off the baseline of FY25B with the following exceptions where more material changes are considered. A more detailed list of other expenses is included in the appendix.

- Software and hardware costs
- Consultancy costs
- Miscellaneous and contingency
- Contingency / Funds for reinvestment

Software and hardware

Software costs are rising faster than inflation due to vendor pricing power and the shift to subscription-based cloud models with built-in annual increases. Growth is further driven by expanding functionality, heightened security and compliance requirements, and increased organisational reliance on digital tools, which lift licence volumes and integration costs.

Examples of above-inflation increases include software related to CASS to the Cloud, AV refresh programs, ServiceNow, and AWS subscriptions. From FY19 to FY24, software and hardware expenditure grew at a CAGR of 13.6%, with forecast growth from FY25 to FY30 at a CAGR of 9.2%.

Consultancy costs

Consultants are commonly used when specialist expertise, independence, or short-term capacity is required. Consultancy costs were re-baselined to FY24A spend.

Miscellaneous

Miscellaneous spend is budgeted by line item. In FY25B includes a centrally held \$14.5m provision for NSI budget contingency. In FY26, this provision is reallocated to ERP expenditure, along with an ongoing adjustment to reflect the operating expenditure share of ITU investment. This adjustment aligns with a significantly lower capitalisation rate, consistent with FY25 treatment. The category also includes unallocated VCSF funds.

Contingency / Funds for reinvestment

The contingency, or funds for reinvestment, are intended to cover a potential increase in NSI expenditure following several years of cost constraint, as the University returns to reinvestment under the new structure.

In the later years of the plan, additional provision is made as the University shifts its focus toward strategic reinvestment, including—but not limited to—initiatives such as campus upgrades for ageing assets, FDS investment, and other strategic priorities.

Investments

Other than the first year of the plan, investments have been held to the prior plan envelopes. The capital spend in FY26 has been reduced for constraint to support the Bond repayment, and considering opex investment level for the ERP.

Table 15: Investments overview

\$m	FY25B	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP
Capex	120	withheld s.14, cl4(c)(d)				

Cashflow and cash

Operating cashflows over the life of the plan \$1,077 million, including OSI one off.

Underlying operating cashflows supports Investments of \$641 million and financing \$126 million. Closing cash of \$371 million (excl NFNC) supports current asset ratio back to satisfactory levels, estimated at 1.1 – 1.2 times current liabilities.

Table 16: 2025 cashflow overview

	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP
Opening cash (excl NFNC)					
Operating cashflows					
Investments					
Financing payments (excl debt)					
Debt financing payments			-300		
Closing cash (excl NFNC)					
Closing cash (incl NFNC)					

Liquidity and debt

Minimum liquidity is met through out the period. The Fixed term deposit is utilised for Bond repayment in 2027. Cash related to tied purposes continue to be managed separate from operational funds.

Table 17: Cash balance, debt & liquidity

	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP
Cash (working capital, minimum liquidity)					
Fixed term deposit					
Cash (provision for bond repayment / investment)					
Total cash excl NFNC					
Cash (tied for specific purpose, NFNC)					
Total					

- Minimum liquidity of \$100 million to be maintained over the life of the FP.
- Term deposit \$100 million (May-27 maturity) and strategic funds (Blackfriars proceeds) will be utilised as part of repaying the \$300 million of the Bond in 2027.
- FP indicates that strategic cash reserves will improve towards the end of the life of the plan, supporting trajectory > 1 times current asset ratio

Table 18: Debt facilities and drawn amounts

Source / \$m	Facility limit \$m	Drawn amount \$m	Repayment/Expiry
Westpac Revolver	100	0	Refinanced to November 2030
Bond	300	300	July 2027
ANZ Revolver	100	0	Refinanced to November 2030
Total	500	300	

Risks and Opportunities

Net surplus risk over the life of the Preliminary FP is outlined below.

The most material underlying performance indicator is the OSI benefits. In the event of International EFTSL not being achieved, workforce budgets would need to be constrained with offsets in cost of acquisition and HDR fee waivers.

Table 19: P&L Risks and opportunities

Opportunity / (Risk) P&L	FY26	FY27	FY28	FY29	FY30
Risks: <small>withheld s.14, c4(c)(d)</small>					
Net opportunity / (risk)	-7.5	-13.8	-18.5	-23.3	3.7

There is an additional cash opportunity or risk based on UTS College's performance. There is an unlikely opportunity that the IDP franking credit materialises (\$23 million), and as such is not included in the R&O.

Importance of OSI

Without OSI, the University does not achieve financial sustainability measures.

This includes consideration for:

- Net surplus and ability to reinvest at appropriate level;
- Net surplus margin and ongoing financial resilience; and
- Cash level and current asset ratio.

Without OSI, the University would not achieve surplus until 2029, and would not achieve the target net margin range of 3 – 5 %. Specifically, the net result is estimated to achieve 0.96% margin in 2030.

In addition, without OSI, closing cash would reduce to be materially at minimum liquidity level and current assets ratio is estimated to be less than a 0.7 times current liabilities.

	FY26	FY27	FY28	FY29	FY30	FY26 – FY30
<i>Net result</i>						
Preliminary FP plan						
<i>Variance</i>						
<i>Net result / gross revenue %</i>						
Preliminary FP plan						
<i>Variance</i>						
Closing cash (excl NFNC)						
Preliminary FP plan						
<i>Variance</i>						

Assumptions

- No adjustment has been made to student load or revenue, as both domestic and international thresholds are already at their upper limits under the Managed Growth Target scheme (and glidepath) and the NOSC.
- No adjustment to capital expenditure levels
- No adjustment is made to ancillary costs such as travel, staff development, hardware and software costs etc (possible further downside)

Financial impacts

- \$302m of workforce costs (net of inflation) are reinstated
- Return to surplus delayed until FY29, and short of 3% - 5% target net margin
- \$15m in implementation costs (FY26) avoided
- Net adverse impact of -\$315m compared with the base plan
- End-of-plan cash position of withheld s.14, cl4(c)(d) adverse to the base plan

Appendices

1. Key assumptions

Appendix 1 – Key assumptions

Operational sustainability	FY26FP	FY27FP	FY28FP
Academic FTE	107	142	142
Professional FTE	157	209	209
OSI FTE reduction	263	351	351
Academic \$'000	25,125	33,500	33,500
Professional \$'000	15,900	31,800	31,800
CMP \$'000	20,000	20,000	20,000
OSI savings (cumulative / annum, excl wage inflation)	61,025	85,300	85,300
OSI cash incremental payment	15,834	0	0
OSI severance	41,900	0	0
Cash payment - redundancy + entitlements	57,734	0	0

Appendix 1 – Key assumptions (continued)

Student load revenue	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP
YOY Growth - Revenue (onshore, excl HDR)	withheld s.14, c4(c)(d)				
YOY Growth - Revenue (onshore, excl HDR) - Domestic					
YOY Growth - Revenue (onshore, excl HDR) - International					
% EFSTL - International revenue (onshore, excl HDR)					
YOY Growth - EFTSL (onshore, excl HDR)					
YOY Growth - EFTSL (onshore, excl HDR) - Domestic					
YOY Growth - EFTSL (onshore, excl HDR) - International					
% EFSTL - International (onshore, excl HDR)					
Costs of acquisition	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP
Fee waiver % per international commencing EFTSL	withheld s.14, c4(c)(d)				
International fee waivers as a % of International revenue (onshore, excl OPM, excl HDR) Revenue					
Research driver assumptions	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP
ERI % Growth (calculation)	withheld s.14, c4(c)(d)				
Research Grant YOY growth					
HDR fee waiver %					
Income assumptions	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP
Grant income growth	withheld s.14, c4(c)(d)				
Total other fee income					

Appendix 1 – Key assumptions (continued)

Workforce	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP
	withheld s.14, cl4(c)(d)				
EBA increment					
Step change					
Academic workforce inflation					
EBA increment					
Step change					
Professional workforce inflation					
Major Non Salary items	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP
	withheld s.14, cl4(c)(d)				
Inflation assumption					
Repairs and maintenance					
Cleaning costs					
Security costs					
Energy costs					
Rent & Rates					
Insurance growth rate assumption					
Hardware costs					
Software and license costs					
Depreciation					

Appendix 1 – Key assumptions (continued)

Cash and debt assumptions	FY26FP	FY27FP	FY28FP	FY29FP	FY30FP
Debt facilities					
Westpac (expires Dec 2025, refinance to 2029)	100,000	100,000	100,000	100,000	100,000
ANZ (expires Dec 2028, assume refinance)	100,000	100,000	100,000	100,000	100,000
Bond (year end balance)	300,000	0	0	0	0
Interest rates					
Westpac credit facility – commitment fee	withheld s.14, c4(c)(d)				
Westpac credit facility – margin	withheld s.14, c4(c)(d)				
ANZ credit facility – commitment fee	withheld s.14, c4(c)(d)				
ANZ credit facility – margin	withheld s.14, c4(c)(d)				
Bond interest	withheld s.14, c4(c)(d)				
Cash interest rate	withheld s.14, c4(c)(d)				
Investment funds interest rate	withheld s.14, c4(c)(d)				