



Dr Michael Spence AC
Vice-Chancellor and Principal

15 September 2020

Senator the Hon. Alex Gallacher
Chair, Senate Economics References Committee

By email: Economics.Sen@aph.gov.au

Dear Senator Gallacher,

Senate Inquiry into the unlawful underpayment of employees' remuneration

Thank you for the opportunity to make a submission to this Inquiry.

The University of Sydney (**University**) employs approximately 18,000 employees, approximately 17,700 of whom are covered by *The University of Sydney Enterprise Agreement 2018-2021 (EA)*.

The EA covers academic staff and professional employees. The University employs permanent, fixed-term and casual employees.

In late 2019, in response to media reports of underpayments of employee entitlements by large organisations, the University undertook a review of its payroll to confirm that University employees were receiving their correct entitlements. The review, which was supported by external analysis of the University's payroll data, identified a number of errors in the payments made to some employees covered by the EA. The errors which have affected a minority of employees resulted in some underpayments and overpayments of employee entitlements. The estimated value of the underpayments is less than 0.5% of the University's annual payroll cost.

The University is committed to integrity in all aspects of its operations, to ensuring that it complies with its legal obligations at all times and that employees receive their entitlements. The University had no prior knowledge of these errors and has taken immediate steps to rectify them.

In the light of its review, the University self-disclosed the payment errors to the Fair Work Ombudsman and as a matter of priority, is working to identify affected employees and remediate the errors. The University is also taking steps to address the causes for the errors so that it can ensure that no further errors occur.

The University will provide back payments, with interest, to employees who were underpaid as a result of the payment errors. This will occur as a matter of priority and the detailed review and remediation process has begun. The University does not intend to recover any overpayments made as a result of the errors.

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The University has advised its employees and the relevant unions of the payment errors and will keep them fully informed of the progress of the remediation process.

The University does not agree with the written submissions provided by the NTEU to the Committee that employees in public universities are subject to "large scale wage theft" and that the high rates of casualisation in tertiary education drive wage theft.

The payment errors that occurred at the University were not the result of any of the three modes of "wage theft" identified by the NTEU in its submissions filed in March 2020, namely:

- underpayment of the required rate of pay (including under-classification of work);
- excessive unpaid hours; or
- sham-contracting.

Thank you again for this opportunity; the University does not object to its submission being made public.

Yours sincerely,

A black rectangular box used to redact the signature of Michael Spence.

Michael Spence