



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EMPLOYMENT, WORKPLACE RELATIONS, SMALL BUSINESS  
AND EDUCATION REFERENCES COMMITTEE

**Reference: Australia's higher education needs**

FRIDAY, 11 MAY 2001

LILYDALE

BY AUTHORITY OF THE SENATE

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**SENATE**  
**EMPLOYMENT, WORKPLACE RELATIONS, SMALL BUSINESS**  
**AND EDUCATION REFERENCES COMMITTEE**

**Friday, 11 May 2001**

**Members:** Senator Collins (*Chair*), Senator Tierney (*Deputy Chair*), Senators Brandis, Carr, Crossin and Stott Despoja

**Participating members:** Senators Abetz, Allison, Boswell, Brown, Buckland, Calvert, George Campbell, Chapman, Coonan, Crane, Crowley, Eggleston, Faulkner, Ferguson, Ferris, Gibbs, Gibson, Harradine, Harris, Hutchins, Knowles, Lightfoot, Mackay, Mason, McGauran, O'Brien, Payne and Watson

**Senators in attendance:** Senators Brandis and Collins

**Terms of reference for the inquiry:**

To inquire into and report on the capacity of public universities to meet Australia's higher education needs, with particular reference to:

- (a) the adequacy of current funding arrangements with respect to:
  - i. the capacity of universities to manage and serve increasing demand,
  - ii. institutional autonomy and flexibility, and
  - iii. the quality and diversity of teaching and research;
- (b) the effect of increasing reliance on private funding and market behaviour on the sector's ability to meet Australia's education, training and research needs, including its effect on:
  - i. the quality and diversity of education,
  - ii. the production of sufficient numbers of appropriately-qualified graduates to meet industry demand,
  - iii. the adequacy of campus infrastructure and resources,
  - iv. the maintenance and extension of Australia's long-term capacity in both basic and applied research across the diversity of fields of knowledge, and
  - v. the operations and effect of universities' commercialised research and development structures;
- (c) public liability consequences of private, commercial activities of universities;
- (d) the equality of opportunity to participate in higher education, including:
  - i. the levels of access among social groups under-represented in higher education,
  - ii. the effects of the introduction of differential Higher Education Contribution Schemes and other fees and charges and changes in funding provision on the affordability and accessibility of higher education,
  - iii. the adequacy of current student income support measures, and
  - iv. the growth rates in participation by level of course and field of study relative to comparable nations;
- (e) the factors affecting the ability of Australian public universities to attract and retain staff in the context of competitive local and global markets and the intellectual culture of universities;
- (f) the capacity of public universities to contribute to economic growth:
  - i. in communities and regions,
  - ii. as an export industry, and
  - iii. through research and development, both via the immediate economic contribution of universities and through sustaining national research capacity in the longer term;
- (g) the regulation of the higher education sector in the global environment, including:
  - i. accreditation regimes and quality assurance,
  - ii. external mechanisms to undertake ongoing review of the capacity of the sector to meet Australia's education, training, research, social and economic needs, and
  - iii. university governance reporting requirements, structures and practices; and
- (h) the nature and sufficiency of independent advice to government on higher education matters, particularly having regard to the abolition of the National Board of Employment, Education and Training.

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**Committee met at 2.51 p.m.**

**CHAIR**—I call the committee to order and declare open this public hearing of the Senate Employment, Workplace Relations, Small Business and Education References Committee. On 12 October last year the committee was asked by the Senate to inquire into the capacity of public universities to meet Australia's higher educational needs. Over the past 15 years there have been a number of important policy changes affecting the higher education sector; most obvious have been the increased dependence of universities on revenue from non-government sources and from the Higher Education Contribution Scheme.

The committee's inquiry will focus on the capacity of universities to offer high standard, undergraduate and postgraduate education, particularly at a time when the academic profession is under increased pressure to handle higher teaching workloads and when the quality and the standards of courses are being questioned in some quarters. The committee notes that various accounts of questionable practice have been reported in the press and in submissions to this inquiry and it will make an assessment as to whether such practices may result in part from the pressures faced by universities under current funding arrangements and stringencies.

The issue of research funding will also be examined; in particular, the extent to which universities are maintaining their capacity to conduct basic and independent research and whether or not resources have been diverted from such areas of research in response to commercial pressures. The committee will also look at the evolving academic cultures of universities and the effect of commercial pressures upon them. We will also consider governance issues and the internal accountability arrangements of university administrations.

Before we start taking evidence today, I wish to state for the record that all witnesses appearing before the committee are protected by parliamentary privilege with respect to evidence provided. Parliamentary privilege refers to special rights and immunities attached to the parliament or its members and others necessary for the discharge of the parliamentary functions without obstruction or fear of prosecution. Any act by any person which operates to the disadvantage of a witness on account of evidence given before the Senate or any of its committees is treated as a breach of privilege. I welcome all observers to today's public hearing.

[2.53 p.m.]

**LAVER, Mr Peter John, (Private capacity)**

**Mr Laver**—I appear as an individual but talking based on an experience with higher education over about the last 15 years in a range of capacities.

**CHAIR**—Thank you. The committee has before it your submission No. 22. Are there any changes or alterations you wish to make to that submission?

**Mr Laver**—No.

**CHAIR**—The committee prefers all evidence to be given in public. We will, however, consider any request for all or part of evidence to be given in camera, which is in confidence, although I would point out that such evidence could subsequently be made public by order of the Senate. I now invite you to make a brief opening statement and we will move to questions beyond that.

**Mr Laver**—Thank you, Senator. As I mentioned, I appear here in a personal capacity, although I have over the last approximately 15 years had considerable involvement with higher education through being a member of the Faculty of Engineering at Melbourne University through becoming the Chair of the National Board of Employment, Education and Training and, more recently, as Chancellor of Victoria University of Technology. I have also had some association through various projects I have been involved in, including a study on governance in Victorian universities which was headed by Haddon Storey. I have been involved in science policy matters through things such as being an adviser on the Batterham committee, the chief scientist's committee, and headed one of the working parties at the Innovation Summit.

I currently sit on the Premier's Science Advisory Council in Victoria—which is preoccupied a little bit with tertiary education—and I sit on the Prime Minister's Science Prize Committee in Canberra which selects the winner of the Prime Minister's Science Prize. I have a number of interfaces, although notionally I have retired. I have been in business all my life, in BHP, so my involvement in education has been in purely an honorary or voluntary manner. At no stage in my life have I ever earned a cent out of higher education and do not intend to. So unlike, perhaps, some of the people who have appeared before you, I cannot claim any partisan pleading.

When I saw this inquiry was on, it was suggested that I should put in a submission, particularly on the last term of reference that related to advisory matters. When I read the terms of reference, there were a number of other areas where I found I had some interest, so I put in a personal submission of personal views only, covering each of the terms, but emphasising some more than others. Perhaps I should just draw attention to the particular areas of concern.

I start from a viewpoint that the cuts in funding to universities have been excessive. While there was in the system perhaps 10 or 15 years ago a fair bit of fat, we are now cutting into muscle and I believe that quality is under threat. There are still some globules of fat here and there that need to be lopped off, but basically the system is under a degree of stress. I talk in the submission about various ways in which we might address that. One of them which is not talked

about greatly, particularly by people inside the system, is to try to make the system work better as it is.

Some of the suggestions that I have put in here—and I have concentrated on proposals for what you might consider rather than describing problems—are an attempt to streamline the entry and progression criteria so that we get more square pegs into square holes and we have less dropouts—in other words, less deferrals, less changes of courses. Basically the system can actually produce more with existing resources by perhaps, at the front end, paying a bit more attention to what sorts of people get into what sorts of courses under what circumstances.

I believe there is a necessity for consideration to be given to structures of courses. One of the disturbing things, in my mind, that I have seen in higher education in the last 15 or 20 years is the tendency to move further and further into detailed vocational areas where things in the past were confined to basic disciplines—science, engineering, arts, law and so on. We now have the prospect of very intensely vocational type qualifications—the mythical bachelor of golf course management type qualification—which really is of concern because, firstly, it devalues what a university education is all about; secondly, it trespasses into areas that probably should be handled better in TAFE and, thirdly, they do require a lot of resources. If we did want to streamline it does seem to me that there would be a way of being able to focus better on fewer offerings in universities and to push some of the more vocational things off, either into graduate schools or into TAFE, as graduate diplomas or graduate certificates and the like.

That opens up the prospect of another source of funding. At the present time, I do not believe that you can ask the students to pay any more. HECS is pushing it about as far as it can. The government is clearly unwilling to go too much further. Industry at this stage thinks that government should fund universities; however, it could come to the party if a situation arose where they saw there was some advantage. I cannot see industry funding a Bachelor of Arts or a Bachelor of Science basic degree, but if you do get to a situation where you are talking about a graduate diploma in advanced electronics or something, it might be possible to engage industry there. You might actually segment your industry money that gets into education by being able to restructure the way in which courses are offered.

There are two other points I wanted to address in these opening remarks. On the governance aspect, universities are not companies, they are not businesses and I do not agree with those who say they should be run like companies. However, they are currently quite large enterprises, very complicated enterprises. The governance and public reporting is abysmal and, in fact, a public company could not get away with the way in which universities manage to hide the way in which they report many of their activities—particularly their financial transactions.

Consequently we need to look at how we can better govern universities. My solution to that, based on experience, is that university councils—even though we have got them down from the mid-thirties and forties to about 21 or 22—are too big to be proper governing bodies. Usually, traditionally, a third of those are elected representatives, many with conflicts of interest on governance matters. I think councils are best to look at the academic side of the university, the government relations, what the university is attempting to do in terms of its role in the community, and a smaller subset—maybe just a subset, or maybe bringing in some outside other expertise—should be charged, like a board of directors, with the same accountability as a board of directors for financial matters, staffing matters, some of the types of things where conflicts

would exist in a broader church and where I think there is a greater likelihood that useful decisions can be made than the sort of consultative way in which a council would normally work.

Finally, the thing that prompted me to come here today was the advisory bodies. I chaired NBEET for six years, appointed by Minister John Dawkins and then reported to Beazley, Crean and Vanstone. We were abolished finally in the transition between Senator Vanstone and David Kemp. The Liberal policy was always unequivocal that NBEET would be abolished, so it was really a run-off from the change of government. I was pretty proud of my six years there and I think we did some pretty useful sort of work. It was not perfect and there were some flaws in the NBEET model, but I do strongly feel that at the present time government does suffer from the fact that they do not have an independent, robust source of advice. They rely heavily on either departmental advice, on specialist inquiries where they come and go and do not have any sort of continuity or corporate memory, or they have to listen to lobby groups.

I have set out in the submission the various reasons that I believe an independent source of advice is well worth reconsidering. In fact, it can actually help the government in terms of being able to separate them from some of the lobby groups—some of whom presumably are appearing at your inquiry—and also to ensure that any advice they receive has actually been massaged and that the constituencies have been used as a sounding board before it reaches government. There are some advantages in advice that has been through the sort of gauntlet that it had to run when NBEET presented advice to ministers. I think, Senator, that is all I wanted to say as an opening statement, but I am happy to answer any questions.

**CHAIR**—Thank you for your submission and thank you for coming here this afternoon. Perhaps I will start back at the advice level. One component of this inquiry, which has aimed to be a very comprehensive inquiry into changes in the system in recent years, has been the nature of submissions or from where some submissions have or have not come. You commented in your remarks about the sorts of lobbying groups that we would have heard from. In part, one of my concerns is that the vice chancellors of the eight universities are only in part representing themselves individually here. I am talking about, for instance, the University of Queensland, Monash University and La Trobe University. It seems unfortunate that much of the independent advice potential that can occur through a cross-party Senate inquiry is lost by a view that there is either a direct or separate avenue, perhaps to a current minister, and much of the potential of a broader ranging discourse that can occur through a Senate inquiry is not occurring.

In part, you could say that some of the initiative behind this inquiry was because of a sense of the loss of NBEET. Do you have any comments to make, apart from re-establishing something similar to an NBEET, or even how you might modify what occurred in the past, about the current state of play in terms of the advice to government?

**Mr Laver**—Yes. The AVCC is a very complex body these days. It is factionalised. It is, in some people's views, in the throes of disintegrating, with various subgroups forming. The G8 was the first one, but there is the Technology Network, and there is another one that is starting to emerge at the present time. These subgroups tend to have more of a commonality of interest. It is very difficult for the AVCC to be able to represent universities that spread from old research universities with high-level entry scores for students and, regardless of the quality of education they provide, the students are probably going to graduate pretty well anyway. The

university I have been associated with most recently would be the classic example of the lower achievers—not a research university. It attempts to do some research but it has very little in common with Melbourne University in terms of the issues it faces. It is far more interested in giving kids an education that allows them to get good jobs, and quite often that should be their main focus.

One size does not fit all as far as policy advice on those sorts of things are concerned, so the AVCC advice is conditioned by the need to be able to cover all those and I think, increasingly, government will get advice separately from these subgroupings of the AVCC. Most other groups are partisan; most of them are giving advice because they want something. At least in NBEET there was a diverse group of people. Some of them had agendas but, at least as a body, our objective was to give high-quality independent advice that was not pushing any particular barrow. I do not think that exists at the present time.

**CHAIR**—That was in part my concern, Mr Laver. It is also my concern is that, obviously, the Senate inquiry is receiving evidence from a number of different lobby groups but there are components of the sector that are either saying, ‘We will accept the AVCC representation,’ or simply do not want to contribute to this inquiry. I named a few of the G8 universities. How adequately, for instance, is the AVCC representing the interests of that group? Do we take it that the AVCC is fully encapsulating the issues that you might want to address to a La Trobe University, to a Monash University, to a University of Queensland?

**Mr Laver**—I understand.

**CHAIR**—It is a difficult situation.

**Mr Laver**—Yes. Their most recent document—I think it was called *Our universities, our future*—was released in about December and it attempted to do that by providing eight different models. The idea was that the universities could pick which of the particular directions each of those eight depicted. They could take one or more of them, rather than feel locked into a straitjacket. That was the first time they had tried to cover the full range of interests that existed within the existing university system. It is not for me to criticise them. I understand them well. We have worked with them, and I have a lot of regard for their present chairman who was the Chair of the Higher Education Council when I was chairing NBEET, so we have worked very closely together. But even he would be the first to admit that it is very difficult to ensure that the range of differences of opinion and requirements can be adequately represented by a single body like that. There is an inevitability that there are going to be some subgroups formed that will independently be pursuing their own agendas in this area.

**CHAIR**—Yes. In part it is more my concern that, in relation to a public forum, there are those that are quite consciously excluding themselves from contributing to that diversity of discourse.

**Mr Laver**—Yes.

**CHAIR**—Let me go back to some of the issues that we have covered in earlier hearings that you might be in a position to comment on. Your submission in part makes a comment made by a number of the vice chancellors in relation to the quality issue. What I think was in your

submission is slightly different from your comments today, or I would take them a bit differently. You have said in your submission that there is no discernible drop in quality and that there have been quite good productivity improvements over the years, whereas you said before that now we are actually starting to cut into muscle. Many of the vice chancellors, or those that have been before us, obviously are wanting to say, 'No, we haven't dropped quality.' It is in their interests to say, 'We haven't dropped quality.' But there has to be a point in time where you can no longer continue to say, 'We've made great productivity, but there's no more fat to go,' when eventually it is affecting quality. When will that point be?

**Mr Laver**—It is about now. It is starting to happen in a few areas. Talking to undergraduates and to graduate students at the university I have been involved with, they have noticed the numbers in tutorials increasing, the numbers in lectures increasing and access to lecturers is much more difficult. There is a range of those types of measures that clearly are going backwards. There is no doubt that tutorial sizes, lecture sizes, and so on, have increased as they have tried to push more through with the same or fewer resources. As I say, at the top end, where you have very able students who are fluent in English and who have had a high quality school education, probably that is not going to be noticed too much in terms of results. Where it is going to be noticed is with the struggling students, the less able students and particularly those for whom English is not their first language. That is where some additional attention is necessary.

The other end of quality is in staff. The failure of academic salaries to keep pace with what is happening in the community has meant that, particularly in some of the more critical areas as far as industry is concerned—IT, engineering, some of the science areas and, to a lesser extent, in medicine and law—the pursuit of a university career is less attractive than it used to be. People can find ways of pursuing far more lucrative opportunities outside. It probably has not affected the humanities and the social sciences to the same extent because their opportunities are not as obvious elsewhere. Certainly in some of the other disciplines, which are fairly critical ones, increasingly, reliance is being placed on skilled immigration programs, for instance, to find adequate staffing at the junior levels. That is where quality is very hard to measure, in those types of things.

**CHAIR**—Yes.

**Mr Laver**—It is very difficult. A lot of it is anecdotal. If there were some sort of magic figure that we could use, I think we would be using it, but there is not. It is really a perception thing to a major extent.

**CHAIR**—You are right, a lot of it is anecdotal, and some of the anecdotal evidence that we have been picking up, and apart from Brisbane we have not done any of the major cities—alike to what you say about struggling students—is that it seems struggling institutions is the other factor. At the University of Tasmania and in the Northern Territory, they are struggling, in a different sense from what you have mentioned, to offer core subjects, to maintain core staff. In part, contrary to what you said about humanities subjects, the philosophy association indicated that they are losing all of their senior people overseas. Alternatively, the funding arrangements of institutions are directing their course loads towards those areas where they can attract private funding. That in part goes back to some of your other comments about the funding model because at the moment the funding model is allowing some institutions to, in part, cut back on

some of the traditional core university subjects in favour of those that can attract commercial investment. And university education can in one place, for instance, involve no access to philosophy. You can do a PhD with no access to philosophy.

**Mr Laver**—I think that is a tragedy. I think we are destroying the original concept of what a university is about, and what is preserved in the great universities. Let's face it, Oxford seems to manage to get away with giving everyone a BA and a good, sound education. I have worked in industry all my life, and what people qualify with does not, within about five years of them graduating, matter. I had a test a few years ago—I think I had 13 people working for me—when someone asked me what their disciplines were, and I did not know and yet I had them working in environment areas and in planning areas and in external affairs type areas. I was quite surprised that there was no real match.

I think far too much emphasis is put on the vocational preparation in universities. The basic concept of a university is to teach people to think, to reason, to imagine, to research, to discipline the way in which they approach subjects. It teaches them how to learn the sorts of things they need to do in a vocation. Unfortunately, the direction that universities are taking—as you say, to an extent they feel they are forced to because they have to attract students—means that their offerings tend to be extremely vocational. In first year, you will learn how to run a tourism agency or something, without really understanding some of the basic fundamentals that go behind running a business like that.

**CHAIR**—Do you address that through the funding model? Do you break up the funding for universities to the extent that you say, 'These are the things we think are now core university subjects that should be publicly funded completely, these are public goods as part of university education, and these are ancillary goods that might attract alternative private funding'? Is that how you address that problem?

**Mr Laver**—I probably would not have used those words but, in essence, that is what would happen. I believe with the vocational part you have more chance of getting industry funding, and it is probably less important that the academic rigour is affected by industry funding. In other words, if you do want someone to undertake a graduate diploma in tourism management or something, the fact that Qantas or someone happened to fund it probably does not matter too much. I would worry if, as a matter of survival, a basic bachelor of business, starting from first year, was funded by an airline or a hotel chain or something because eventually they will be expecting something that happens in those years to relate to the sorts of requirements that they have for their graduates.

I would certainly see a desirable migration towards, say, a core bachelor of business—I am not sure I like bachelor of business but a core qualification of that type with a postgraduate qualification. This might be in TAFE, which has the additional benefit of lifting the prestige of TAFE, which is seen as a second-class type of thing, but it is acknowledging what is happening. A lot of people finishing university undergraduate courses are going to do vocational studies in TAFE so they can get a job.

**CHAIR**—Most are going that way rather than the reverse.

**Mr Laver**—You hear various numbers but that is right, everyone talks about articulation from TAFE to university but I think articulation from university to TAFE is something that needs to be positively addressed and encouraged. I believe in the funding model there are ways of doing it that might get more money into the universities in a sensible sort of way but still leave the basic mission of the universities untouched—in other words, to have public funding for the core values that universities need to teach.

**CHAIR**—Given that the combined private and public income of most universities has increased, what does explain, in terms of traditional university courses, this dramatic change in terms of student/staff ratios? What are the additional activities that universities are doing that are drawing the resources away from what most people regard as a traditional university education?

**Mr Laver**—Most of the additional income has come from foreign full-fee paying students.

**CHAIR**—Is there a provision for a large number of students? Aren't they counted in the staff/student ratios of universities?

**Mr Laver**—They are counted in the staff/student ratios, yes.

**CHAIR**—That in itself should not explain a decline in service.

**Mr Laver**—The staff/student ratios have deteriorated by two or three. It depends which figures you use. In the ones I used last year, it was 16 to 18 or something like that, I have just forgotten the exact number. It seems to me that lumping all the money that universities have together and then dividing it by the number of students is not a good way of looking at it. You need to segregate the funding in different sorts of ways—take the capital component out of it for a start—to look at other activities which are funded by those fundings, perhaps even separating the research side. There have been some fairly large chunks of money that has come into, for instance, medical research that would count in those figures you are talking about, that probably do not have any impact at all on staff/student ratios.

**CHAIR**—Quite large sums?

**Mr Laver**—Yes. I am aware of a couple of anonymous \$20 million sums that have gone into medical institutions in Melbourne in the last year. It is quite significant.

**CHAIR**—Is that research that previously would have been conducted commercially?

**Mr Laver**—No, the medical institutes do not receive a lot of money from commercial means. They spin off some companies but most of this money has gone into new buildings. The Baker, McFarlane-Burnett and Hall institutes have all received fairly substantial moneys in that area, but that will count in a gross manner as university funding.

**CHAIR**—But in that sense there has been a boost to research.

**Mr Laver**—There has been a boost in some aspects of medical research. I would have to say in other areas—

**CHAIR**—The government responded in some areas to a significant problem.

**Mr Laver**—Yes. Certainly through the Chief Scientist's recommendations we have been successful in doubling the ARC money over the next few years which is probably getting up to an area where it should be, because we were certainly well below the world practice when we had about an 18 or 19 per cent success rate. I think this will take us over 30 now, which is probably about right. If you are too high, of course, you begin to fund lesser quality research but going on a world benchmark that seems to be about where it should be.

**CHAIR**—It is still very difficult, in relation to the resources that previously would have been directed towards maintaining student/teacher ratios, given the same or higher amount of funds regardless of source, to put your finger on what extra activity is now being performed that is producing those lower ratios. There is some research but it is not reflected across the total research figures.

**Mr Laver**—As I say, I am not comfortable using the macro figures because we have got campuses like this one, for instance—clearly, to establish a new campus for 1,500 students is going to be more expensive than adding another 1,500 incrementally to an existing campus.

**CHAIR**—So regionalisation is one potential.

**Mr Laver**—There is an element of that. I can speak more confidently about the Victoria University, which runs 14 campuses. In proper financial reporting, if you could get it, there would be four or five of those being supported by the larger campuses but they are left there basically for political purposes. One thing that this inquiry might consider is whether there should be some sort of supplementation where campuses are kept open for political reasons. It becomes like the Tasmanian railways, if you like, in that you have a special and overt subsidy because somebody has decided a campus needs to stay there.

**CHAIR**—That does already occur to some extent with the funding model of the Northern Territory University.

**Mr Laver**—Yes.

**CHAIR**—Are you saying that that should be more overt to recognise some of the other campuses?

**Mr Laver**—The country universities do have some—I think Charles Sturt and New England and so on—recognition of that. The universities that do not are the ones that are mostly city universities but have campuses in Bendigo or Mildura or Wodonga or in VUT's case it is Sunbury or Melton, or in Swinburne's case at Lilydale, although that one seems quite prosperous.

**CHAIR**—You have argued in your submission that there are in-built checks in the system that mean commercialised research activities of universities should not be a concern. What are

the checks that you believe provide that protection currently? That is contrary in part to what I have been saying that some of the evidence we have been getting is that universities are sacrificing core units to move towards various commercialised activities.

**Mr Laver**—The peer review system for universities is well accepted and is still strong. The research I was talking about stands up on that basis. There is research done by universities, not so much in Australia but in some parts of the world where there is no open publication or peer review, and I would say that is a problem. I was referring to the traditional university fields where a university researcher publishes and can be criticised by any of their peers around the world. I would say that the correspondence on those things is quite robust. I would hate to see us get to the stage that too many universities do private research that is never published and is 100 per cent the property of whoever funded the research. I think there are other venues for that, through CRCs and the like. That might be applicable there but there, of course, you are playing under different rules; you are clearly using your research for commercial ends.

**CHAIR**—Are you suggesting that the peer review process would prevent the suppression of unfavourable research outcomes?

**Mr Laver**—No. There will be unfavourable research outcomes but they will be criticised by others in the field if the research process is unsound.

**CHAIR**—Yes, but that is if it is published.

**Mr Laver**—Yes, published.

**CHAIR**—I think it was in Queensland that the suggestion was there had been some research conducted that had deliberately not been released because the outcome of that research was not favourable to the sponsor.

**Mr Laver**—Yes. I guess anyone who buys research has that prerogative but I would hate to think that we ever got to the stage with the publicly funded research that we are talking about, performed in public universities, where there is public money put alongside private money. But 100 per cent covered? I guess you cannot argue with it other than that the position the researchers put themselves in is pretty suspect. It is pretty hard to sell themselves for new work if they are seen as being tainted. I happen to have a bit to do with gambling research at the moment, for instance, and it is very difficult to convince the gambling establishment that some of the researchers who have received money from the gaming industry are objective. I happen to know that they are but, unfortunately, they have to live with that taint. That is something I think most reputable researchers would try to avoid being landed with.

**Senator BRANDIS**—The picture we get is that over the last five years or so public funding of Australian universities has gone down by about six per cent in real terms but the gross revenues of universities from all sources—including commercial sources, HECS, student fees and overseas student fees—has increased in real terms. I listened carefully to your evidence about the pressures upon the more generic degrees and how commercial money favours more industry specific degree courses. If the aggregate amount of money being received by universities from all sources has, in fact, increased in real terms, is that being shown in an

enhancement of the quality of those more specific or vocational or industry focused degree courses?

**Mr Laver**—I do not know that I can give a general answer to that. A number of employers I have spoken to would say no, they are not satisfied that the preparation some of their new graduates have received in universities is adequate. In some cases that is probably due to the quality of the teaching they have received and sometimes it is the equipment that has been available to them, if it is a practical type of thing.

**Senator BRANDIS**—Perhaps this is a question that, in the end, has to be directed to the vice chancellors or the pro vice chancellors but it seems to me that logically, if the aggregate amount of money—let us leave to one side for the moment the considerations of source—going to Australian universities is continuing to increase in real terms, you would expect that the kinds of pressures you have identified, although they might be felt in certain faculties or disciplines, would be offset by an enhancement of quality in the others which were favoured by the shift in the funding source base.

**Mr Laver**—Yes, there is no doubt in some of the newer areas, and I would not like to name them but—

**Senator BRANDIS**—Could you give us some examples, though?

**Mr Laver**—This university, Swinburne, has an extraordinarily high reputation in photonics. They have put a lot of money into a photonics laboratory and recruited a lot of very high quality people and consequently their graduates are of a very high quality and are highly sought after. As you go through each university, you will find there are patches like that. The older universities that are better endowed probably have bigger patches than some of the newer ones. But, again, we are trying to aggregate everything, when looking at the system in the way that you are, and I think those pinnacles are offset by what is pretty pedestrian performance in a large number of other areas.

**Senator BRANDIS**—Among those larger areas that are pedestrian, do you include the more basic or generic degrees like the Bachelor of Arts or Bachelor of Science?

**Mr Laver**—Not so much Bachelor of Arts. It is the science and engineering areas that I am concerned about. I know that a number of companies, including the one I used to work for, had a list of universities from which they would recruit engineers, for instance, and lists of universities from which they probably would not consider an engineering qualification. I do not think I would necessarily want to disclose those publicly,

**Senator BRANDIS**—No, I will not ask you to do that.

**Mr Laver**—But there is certainly a pecking order that is acknowledged within the system amongst the employers and amongst people who pay universities to do research or other things.

**Senator BRANDIS**—It sounds to me, though, that your evidence is suggesting that it is almost a zero sum gain—that the more commercial money goes to courses, particularly postgraduate courses of particular interest to specific industries, the more the generic degrees or,

in particular, we have heard from others, the humanities, tend to be depreciated. I do not follow as a matter of logic why it should be that it is a zero sum gain, that the investment of private money in one part of the system leads to a deterioration in another part of the system where private money is not being invested.

**Mr Laver**—Private money is not evenly distributed, but my argument is slightly different from that. My argument is looking at the structure of courses. The concerns that many academics express is that commercialism is contaminating the purity of undergraduate education. My solution is very much that we should try to keep that as publicly funded—instead of little bits of additional industry and other money coming in that is aimed, blatantly—so that these postgraduate qualifications, vocational oriented qualifications, do get industry support and seek industry guidance. In other words, industry is actively invited to tell the university or the TAFE or whoever is running the course what they want, and they provide their people to help with the courses and various other things but keep them out of that basic part, the undergraduate part, which I believe needs to get back to the values that I cherish greatly and what a classic university education is about.

**Senator BRANDIS**—So, broadly speaking, your solution is that, where industry or commercial funding of vocational postgraduate courses relieves the need for or the extent of the need for public funding of those courses, the public money being saved ought to be applied to more generic undergraduate courses?

**Mr Laver**—Improving the quality, yes.

**Senator BRANDIS**—That is your proposition, is it?

**Mr Laver**—That is the proposition that I am putting forward in terms of attempting to get more money into the system somehow or other.

**Senator BRANDIS**—Do I understand your evidence to be that that is not happening?

**Mr Laver**—That is not happening. It is happening in a limited way. There is not a lot of industry money going into universities.

**Senator BRANDIS**—No, I understand that but, nevertheless, it is coming on stream and it is relatively new and one expects that over a period of time there will be more and more of it.

**Mr Laver**—Except that it is very hard to get industry—and again I can talk about personal experience—to say, ‘Come along and help fund a bachelor of commerce degree.’ The mining industry is a classic instance at the present time where there is a shortage of mining engineers and they would be quite happy to find modules of courses in surface mining, for instance, which are not well provided for in the mining schools. So you can focus on those types of things rather than worry too much about industry money going into the university and getting lost in general.

**Senator BRANDIS**—But are you inviting this committee to conclude or to recommend that, to the extent to which vocational, industry specific postgraduate degrees are being paid for in whole or in part by private money, there ought to be a funding model developed which ensures that the public money saved in that area of the university’s operations be reinvested in the more

generic undergraduate degree courses? As I hear you, what you are telling us is that the way of solving the problem is to change the funding model to accommodate that.

**Mr Laver**—I am not putting it in exactly those words. I am not talking about saving. I am talking about trying to attract more other money, outside money—whether it is industry money or whatever—into universities. It would be more attractive for industry to put it into those postgraduate qualifications—not necessarily postgraduate qualifications, postgraduate certificates; diplomas or whatever you call them—and concentrate the public money on the core disciplines so that you have fewer university offerings. At the present time most universities would probably offer over 2,000 degrees. I think that could come back to about one per cent of that, and then more of the vocational things get built on top of that.

That would be more attractive for industry funding, but it overcomes the concern I have, and, as I say, it is not a vested concern because I do not work in a university, but I know university staff are seriously worried about the commercialism of universities and the way in which that is driving some of the fundamentals. If you can keep them out of that undergraduate area and get them into some of the postgraduate research degrees, and so on, and concentrate your industry money into the postgraduate vocational area, you are probably killing two birds with one stone. It reduces the cost of running the university because there are fewer offerings.

**Senator BRANDIS**—I emphatically agree with your description of the classic obligations of a university. Would you care to elaborate upon whether—given a more flexible labour market and the need for multiskilling and sequential careers—the more generic degrees, whether they be a basic science degree or a basic humanities degree, might in the near future come back into vogue and be more attractive to students because they educate the mind rather than educate for technique and, therefore, equip students to be able to handle more flexible choices as their career paths develop over time.

**Mr Laver**—That is exactly what I am saying, and that is what industry needs, people who are capable of learning—

**Senator BRANDIS**—You say industry needs that, but do you think industry is saying that?

**Mr Laver**—I think so. I think industry despairs a little bit about some of the debates they see happening in the university, the minuscule or the minutiae argument that goes on about how many units of this goes into the second year of this course versus the third year of that course, and so on. That does not matter. What industry needs is a job ready graduate who can be taught how to do the job. They also need to have the research skills, be imaginative and creative, all the types of things that a high quality undergraduate education should provide.

**Senator BRANDIS**—Is it your evidence that industry is asking for a less vocational emphasis and a greater re-emphasis upon essential learning and research skills of the kind that won gains in a generic undergraduate degree?

**Mr Laver**—They are asking for both. They are asking for that nucleus. They are also asking for, of course, some vocational skills, but the vocational skills can come afterwards.

**Senator BRANDIS**—Of course years ago it was not the case. Years ago, industry was saying that the generic degrees are too vague and unspecific and that university education ought to be much more vocational. What I am hearing from you is that industry, to the extent to which you are an accurate informant of its opinions, is changing its position and saying, ‘We have gone too much towards an emphasis on vocationalism and gone too far away from an emphasis on generic skills.’ Is that broadly what you say?

**Mr Laver**—I think if you did a survey of, say, managers at the age of 30, 40 and 50, and tried to relate what they are doing with what they studied, you would find a very low correlation. You will find that there are accountants who are running mines, there are mining engineers who are stockbrokers.

**Senator BRANDIS**—I understand that. I just want to reduce this to a sharp, tangible proposition. Is it your evidence that industry’s attitude is that we have gone too far down the vocational path and we are now not giving sufficient emphasis to generic undergraduate teaching, from industry’s point of view?

**Mr Laver**—From industry’s point of view, yes. The vocational skills industry will provide itself. They need the raw material to work from. That does not mean, of course, no vocational skills, but it is certainly getting away from the idea that you specialise from the first year that you start in university.

**Senator BRANDIS**—Thanks, Mr Laver.

**CHAIR**—Mr Laver, is it the classic lighthouse proposition? Your basic undergraduate university degree is a public good that business wants?

**Mr Laver**—Yes.

**CHAIR**—They want their industry-focused skills but not at the expense of losing the public good?

**Mr Laver**—That is correct and, as I say, I am offering this not so much talking on behalf of industry but talking on behalf of how we can actually get the universities to work more effectively, too. I think we have to see that side of it. By structuring it in that way, I believe there are some ways in which you can get more funding into universities, and I believe there are ways in which the cost structure, the way in which universities operate, can be made better.

**CHAIR**—Thank you again for your appearance today.

[3.48 p.m.]

**van ERNST, Professor Barbara, Deputy Vice Chancellor, Lilydale, Swinburne University of Technology**

**CHAIR**—Welcome. The committee has before it submission No. 202. Are there any changes you wish to make today?

**Prof. van Ernst**—No.

**CHAIR**—The committee prefers all evidence to be given in public, although we will consider any request for all or part of your evidence to be given in camera. Before I invite you to make a brief opening statement, I thank you for your hospitality here today as well.

**Prof. van Ernst**—It is a pleasure. I have a couple of opening remarks. I think you would have noticed that this is not a university submission but a submission from the Lilydale higher education division so my comments in the submission and now will be slightly more relating to issues affecting Lilydale but also affecting the system in a wider sense. Lilydale is a regional campus of a metropolitan university and it is dealing with some of the issues of a rural regional university, but we are also classified as urban fringe, or the most recent jargon seems to be ‘peri-urban’. We are serving a number of rural students, as well as students that come to us from normal metropolitan regions. The main points I would like to get across are in the submission, but I will go through very briefly a few broad headings of the things I would like to highlight.

Regarding the university’s capacity to manage and serve increasing demand, I think the fact that most universities are working under a fixed DETYA load, a quota if you like, reduces our responsiveness. For example, at Lilydale we have a continuing and increasing demand from the region and we cannot respond to it because of the fixed load. In Lilydale the reliance on overenrolment has reached a maximum. Any further enrolment would reduce our capacity to deliver quality. It is ironic, I think, that on this campus we have facilities and space for quite a considerable increase in student load. Universities across the system—and we heard this in the last presentation as well—are diversifying their activities to try to reduce reliance on DETYA funding. On page 3 of our submission we note that the areas where we can make a significant difference is only about 32 per cent of the revenue; 68 per cent of the revenue coming into universities is rather limited in our capacity to be making a large difference.

Some of the strategies people are using to gain revenue from other sources are full fee paying international students—both undergraduate and postgraduate. We have certainly been moving into that area here of full fee paying postgraduate. Again, we have some 150 subject enrolments in postgraduate here. The money that comes in for postgraduate fee paying students has a fairly large component which goes into costs, the delivery of the programs and, on top of that, a contribution is made to university wide costs such as buildings, infrastructure and so on. We seek money for grants and, again, there is very little flexibility in grants these days. Most grants are limited in what you can spend it on. Most of them need to be almost entirely expended on the purpose for which the grant was received. At Lilydale last year we received about \$550,000

in grants, most of which were referring to things in the region. I will come back to that when I talk about our benefit to the region.

Another strategy that we have been using—and there are eight universities doing this—is to contribute courses through OLA, Open Learning Australia. We are in our first teaching period in OLA this year and we have about 80 enrolments. It is a marginal income but it is still money from a new market. We also have offshore delivery, both to individuals and to cohorts of students through other arrangements, and we have a partnership with a college in Singapore where we are delivering our courses there with a partner. We are also looking at online delivery. For example, our summer semester was a fee paying summer semester but all the courses were entirely online.

The strategies in those last three—OLA, offshore delivery and online delivery—are only possible if most of the development costs are shared across all the modes of delivery. I am sure you will be hearing many arguments about online education being seen as a cheap option. It is not. The only way universities can make economies of scale is, when they are developing courses, to make them multiple end users, so that all those things I have mentioned can be done from the initial course development activity. I repeat again: it is not cheaper to teach flexibly.

With respect to the quality and diversity of teaching and research, one of the things we are committed to here is the notion of scholarship in universities, and I do not think good teaching can happen without good scholarship. I would be very pleased if this inquiry could address the emerging dichotomy of teaching and research. It is absolutely essential that the nexus of teaching and research are maintained. In isolation we have had quite a lot of attention given to research and that is quite clearly because the lobby groups for research have been extremely active and very effective, but now I would like to see a similar set of lobbying looking at teaching and learning.

One of the things we need to do there, apart from recognising that it costs money to deliver good programs, is to recognise teaching as we recognise research. We need to acknowledge the different sorts of delivery modes and make sure the national infrastructure is supportive of that as well as local infrastructure. We need to make sure that universities can, in fact, afford to keep their IT infrastructure up to scratch.

The equality of opportunity for participation, particularly among groups that are under-represented, is a really important one in this region. As I mentioned before, we are in an urban fringe situation and we have some of the lowest participation rates in Victoria right on our doorstep. The lowest participation rate is the municipal area of Cranbourne, 13.9 per cent, and the shire of Yarra Ranges, where we are at the moment, is 18.4 per cent. We come out at No. 67 and No. 68 in Victoria—68 being the lowest. Compare that with Boroondara, which is where our Hawthorn campus is—we call it our western campus—which has 64.2 per cent and you can see there is a huge gap in equity of participation.

It is also reflected in the demographics of this region and other regions where participation is low. When you look at the demographics of the shire of Yarra Ranges only six per cent of people living out in this region have a bachelor degree, compared with the whole of the metropolitan area where it is 10 per cent. Another quite important consideration is that if students can study in their own region close to home there is a chance they will stay in their

region. Once they have to move away from home to study, the chances of returning home to work are considerably reduced. That is true of many rural regional areas.

Some of the initiatives we have been looking at, and I know others are too, is establishing incubators—we are calling ours a hatchery because it has more stages—the employment of graduates ourselves, as well as getting others in the region to do that, establishing links with industry. This campus has a very strong IBL—industry based learning—program and students go out for six or 12 months of paid work between second and third year normally. That is having fantastic consequences. Students are quite often offered jobs before they finish their degree. Our challenge is to keep them on course so that they do finish it. We have good feedback from employers that this is in fact influencing their workplace. It is giving them a young perspective, an IT literate perspective on what they are doing in their businesses, up-to-date practices in particular industries like accounting, marketing and so on.

We also have an honours program, where the minor thesis for students is a workplace based project and they do it in small teams. Again, we believe that industry is more interested in people who can work in multidisciplinary teams and work well together. The ability to retain staff is a big issue for the system in general and especially for IT, but at Lilydale it is a young campus and the staff have been attracted here because they really like the learning model that we have put in place and I think they also like the size. It is a very pleasant place to work as well. However, there is an overreliance here—and generally—on sessional staff which creates not only some instability for student contact and so on, but there is an additional administrative workload in coordinating, inducting and ensuring there is properly supervised sessional staff who may be here from two to six hours per week. It is also difficult to keep sessional staff really well informed in staff development. There is double jeopardy there. If we are asking someone to take part in the staff development process we have to pay them for the time, as well as for the cost of the process.

The concept of contributing to the economic growth of the community and the region was recognised recently by the Universities and Regional Development Forum in Canberra, which was run under Ministers Kemp and Anderson. I think that has brought together quite a lot of really important ideas that you may well like to look into, if you have not already seen the outcomes. I think the benefits to the regions, either peri-urban regions or general rural regions, is the access to the higher education for both school leavers and mature age. I think a lot of mature age students have come back to study because they have access to a campus that is close by geographically, which would have been much more difficult if they had had to travel into a major city. It is providing opportunities for postgraduate, business development. Modular access gives people a chance to do it in small doses. Short courses assist people to address particular issues.

We have carried out an economic value study. I can refer you to that on page 10 on the list of things that we have done in the region. The partnerships we have found are really very valuable, not only for the local community but also for us. The ‘but’ in this, though, is that much of the activity is unfunded, or else the users have to pay, so our limitation is just in terms of what we can afford to put in to enhancing some of these activities.

In conclusion, the funding model needs to be much more flexible. It is too rigid and it is too input based. I am happy to talk about that a bit more, if you like. It must address the issue of

overenrolment, especially on those campuses where overenrolment is more than a couple of per cent. We need to reaffirm the nexus between teaching and research and attend to learning and teaching as we have research. It must be pedagogically driven, not technologically driven.

For participation and access, the model does not address regional needs. We have referred in our submission to preferential assistance in the UK for regional students. It certainly does not cater for lower participation groups in any way that we can single out, unless we make that decision locally. An area of special concern here are the indigenous students, in Lilydale in particular, who are way under-represented in terms of our population, but they are under-represented at year 12 as well. I think they are 17 times more likely to drop out of year 9 than non-indigenous students. Just as an aside, we are working with the Invergowrie Foundation to see if we can keep kids at school longer so they have a choice.

In terms of retaining staff in the system, salaries and status are going to be ongoing issues there. Universities, in terms of economic growth for the region, have much greater potential than we are able to do at the moment, but are limited if the activities are unfunded. We should be looking not only at economic growth, but at cultural, social and environmental contributions to the regions as well. We need to recognise that the benefits are reciprocal. That has certainly been our experience.

If I had a wish list at the end of this, it would be to get some growth for Lilydale to respond to the unmet demand, to do things to increase student choice and to recognise our role in the region. Thank you.

**CHAIR**—Thank you very much. Professor, you commented earlier about overenrolment funding and I think you said you had reached a critical limit there. Is your current level of reliance on overenrolment sustainable?

**Prof. van Ernst**—Not in the long term, no. The reason we have been able to sustain what we are doing—and we have been, if you look at the course experience questionnaire where we are well above the national average in terms of the main indicators—is that we are in a brand new building, so there is a bit of a honeymoon period, we were given equipment grants and things that set us up well in the beginning, so we are not incurring costs by having to buy new furniture and the sorts of things that you do in an older institution, and we are part of the university wide provision of IT infrastructure, of library infrastructure, maintenance of grounds, which are absorbed into the wider university. However, I would have to say that a lot of our success has been the goodwill of staff—and that can only go on just so long because I do not think you can keep asking people to be pushing too much further than they are now without some cost.

**CHAIR**—Beyond the factors you mentioned within the Swinburne structure, is this campus subsidised?

**Prof. van Ernst**—Not in terms of teaching. We are operating on a model where we balance our budget and really we have quite a healthy outcome in terms of our result each year, but we could not do it on the money that is coming in if we were a stand-alone campus; we could not quite manage the overenrolment. It is the infrastructure costs that we cannot support.

**CHAIR**—I was picking up on Mr Laver's earlier suggestion about larger institutions subsidising multicampuses, so I was curious about whether there is an element of that subsidisation within the Swinburne structure.

**Prof. van Ernst**—There is definitely not in terms of the operation here. The day-to-day operation is probably a bit different here in that some of the other multicampus institutions have staff that cross campus. Our staff are employed by us and we are responsible for their salaries, we are responsible for their on-costs and we are responsible for managing that. We can put the profile of staffing in line with the budget we have, which is why we over-rely a little on sessional staff.

**CHAIR**—Yes. Picking up your comments about the current model being too input based, you have noted here the AVCC's list of elements they think should be included in a new framework, also indicating funding for quality of learning. How are you suggesting that quality is measured?

**Prof. van Ernst**—Is measured?

**CHAIR**—Yes.

**Prof. van Ernst**—The external quality measures are the course experience questionnaire.

**CHAIR**—Yes.

**Prof. van Ernst**—We believe that in part the fact that our campus continues to grow in its popularity in the region suggests that word of mouth is working really well. We have strong support from school principals. We are not losing students. We have good retention rates and good success rates in terms of student completion. We do our own internal quality assurance. We have external course advisory committees, who ask to see the evidence we have gathered on the students' experience and the course quality. There are some other strategies that I would like to put in place in the next year or so, but in terms of the quality of what we are doing, probably the most independent measure would be the CEQ.

**CHAIR**—Okay. Was there anything else you wanted to add about the system being too input based?

**Prof. van Ernst**—At the moment, the money received by Swinburne from DETYA—and in a way I am really talking about the publicly funded section of the university—has a figure attached to it and 680 of that load is here. There is a figure that comes with the off the top costs that I mentioned before. That figure comes to us—that is it. There is no recognition of the demand that has been consistent over the years that we have been operating. There is no recognition of the quality of what we are doing. We believe that because we are in a region which is geographically a little bit remote from the centre of Melbourne, there is a good argument that there should be some mobility of students who would like to study here and cannot get in.

We would like to see some more choice with students. I am not advocating vouchers—I do not think that is the right solution—but there must be some other way of giving students more

opportunity to be able to determine where they would like to study. Then the money would in fact be attached to that rather than to some predetermined profile discussion.

**CHAIR**—Yes. Thank you.

**Senator BRANDIS**—What proportion of Swinburne's funding comes from commercial sources?

**Prof. van Ernst**—Over the whole university?

**Senator BRANDIS**—Yes.

**Prof. van Ernst**—I do not have that at my fingertips.

**Senator BRANDIS**—Can you hazard a guess?

**Prof. van Ernst**—I could find out and let you know, but I do not have that at my fingertips, I am sorry.

**Senator BRANDIS**—All right. What about this institute here, this part of the university?

**Prof. van Ernst**—This year, 41 of our students are international fee paying students, out of an undergraduate population of close to 2,000. We received something like \$550,000 in grants last year, all fairly well tagged and accounted for. That is money where we do in fact make sure they pay for their own administration and all that sort of thing, so they are self-funding in that sense. I cannot put a percentage on that, but it is not very high.

**Senator BRANDIS**—But the \$550,000 that came from grants, do you mean grants from private sources?

**Prof. van Ernst**—Most of it was from government bodies, state and federal.

**Senator BRANDIS**—I see. How much from private sources, other than fee paying students?

**Prof. van Ernst**—We have not been very successful yet in attracting any substantial money from private enterprise. We do have a good relationship with industry in the region and we do get money indirectly through payment of students. We have had 50 or 60 students at a time out on industry based learning. They are paid—if it is six months—somewhere between \$10,000 and \$12,000 a year for full-time and for a year it is something like \$20,000 to \$25,000 a year. That does not come to us, but it comes to our students. We have a number of scholarships and prizes which we get from industry and that has amounted to quite a few thousand dollars. It is not our money, but it is money coming through the university.

**Senator BRANDIS**—Sure. Do you see increased industry based sourcing as part of the solution to the resourcing problems that universities like yours are facing?

**Prof. van Ernst**—It would be nice. I do not think we have the culture here of industry seeing it as its responsibility. It might be interesting to hark back to some of the schemes we have had before where there were compulsory levies on industry—the training guarantee levy and such projects. I think I mentioned one of those in the submission.

**Senator BRANDIS**—Yes.

**Prof. van Ernst**—That is the only way, in the short term, we will get industry seeing that it has a role in direct payments into institutions. Another way that I have been exploring which is particularly relevant for the IT area, is if we can come up with innovative ways of educating staff. Do not forget that lots of young students coming out of year 12, first year, are so IT literate they could probably go straight into employment—and often do—and we could do this here because our IT courses are all online. We should be negotiating different ways of delivery so that they could be working maybe 3½ or four days a week in a job but without necessarily coming onto the campus; engaging with our materials in a way that credentials them over time.

We are also flexible enough that, if a student wanted to do that, we could let them do it at their pace and at the rate they wanted. They could in fact take a bit longer if they were very busy, or they could accelerate their program. We are exploring that idea in the postgrad level. It has not been so easy at undergraduate level yet.

**Senator BRANDIS**—I wonder why it is, though, that we have heard from so many academics that the culture of Australian universities is still one that awaits acceptance of a large role for private funds, other than fee paying students. I hope I am not oversimplifying, but it seems to me fairly straightforward that taxpayers do not want to pay more tax, students do not want to pay more fees—and we should not expect them to pay more fees—but universities need more money and private industry is, particularly in a number of applied areas, so much of a free rider on what universities do.

**Prof. van Ernst**—Yes, I agree.

**Senator BRANDIS**—Do you agree generally with that?

**Prof. van Ernst**—I agree with you, but they have not responded. With the CIPS program, which I have also mentioned in the submission, it was potentially a matching dollar sort of arrangement where the government put a certain amount in and industry matched it. I think you will find that a lot of the courses operating did not get the matching dollars, or they got some dollars but not the matching dollars.

**Senator BRANDIS**—Yes.

**Prof. van Ernst**—I do not believe that without universities reaching out and doing things differently they are just going to have money poured into them.

**Senator BRANDIS**—No, of course they are not.

**Prof. van Ernst**—That is why I am saying—and I can speak for this university—we are receptive to money coming in from industry, but I think there has to be an understanding, or a trade-off, if you like, where we have to say, ‘We’ll do this for you, but in return we want that.’

**Senator BRANDIS**—But there also has to be a bit of a change—hasn’t there?—of the culture, so that private money from industry is not viewed as a suspicious kind of corruption of academic purity—as conceivably, in some cases, it might be.

**Prof. van Ernst**—I do not think we would view it that way, if someone would like to give us some money.

**Senator BRANDIS**—You heard my discussion with Mr Laver about the old chestnut of the generic education and the vocationally focused education and, for the sake of time, I will not rehearse it in my question to you, but can I just have your observations on whether we have become too obsessive with a vocational focus at the expense of a more generic focus?

**Prof. van Ernst**—I am pleased to have a chance to comment on that because I was sitting there thinking I would like to.

**Senator BRANDIS**—Please elaborate.

**Prof. van Ernst**—We have a model here where we have four core subjects for every student no matter what degree they enrol in. The idea is that we believe there are generic skills that every student needs. That includes a range of things, particularly IT literacy, much more than using a computer, things like using databases and managing information. They also do things like science technology in society, research methods and statistics. There is a very carefully planned set of core subjects which is half of the first year. The students must pass those subjects and they feed into the discipline based studies.

We are toying with the idea at the moment of shifting one of those or some part of that into third year so we can do a reflection back, so that students can in fact position themselves for the workplace. We are not training people simply vocationally, we are teaching them the disciplines of accounting or marketing and we give them practical application by allowing them to do work based tasks so they are getting real experience. But we are not compromising the discipline itself, because we believe that if a student has a good understanding then their skills and their knowledge are going to be transferable.

**Senator BRANDIS**—Would you like to see this committee make a recommendation or arrive at a conclusion along the lines that not only is a more generic emphasis not an indulgence—as it has sometimes been treated—but in fact a necessary element of educating a fully skilled graduate?

**Prof. van Ernst**—I think you will find people will misunderstand what you are saying by a generic degree and think you mean a liberal arts degree or something like that.

**Senator BRANDIS**—I might mean a liberal arts degree. That is a generic degree.

**Prof. van Ernst**—Yes, there is a place for higher level discipline study but there is a place—like ours—to have generic skills taught in a consolidated way in core subjects. Again, people are very nervous about having any compulsory components in courses of a generic kind because they are areas that different faculties cannot bid for. We have found that it works very well and students in fact are well prepared because they are developing their IT skills right at the beginning, from wherever they are when they come in. By the way that is changing because now we are up to about 86 per cent who come in with their own computer or access to their computer with Internet and are well skilled—mature age people need a bit more help—but we are also making sure that those IT skills, for example, are used right across what we do from then on. They are accessing databases, evaluating, using knowledge and managing materials technologically. Is a very good foundation. I would not like to see us move any more towards a vocational output because what tends to happen then is that people are so focused on one sort of vocation they are not flexible enough to move around.

**Senator BRANDIS**—And we get back to what is really an ancient argument about the importance of a university being a place which trains the mind to think, not a place where people are just skilled up for a particular job.

**Prof. van Ernst**—Yes. I would like to add to that. We are aiming here to make people independent learners because we also think if they need someone to teach them something before they can do it, they are also not operating independently when they are out in the workplace, therefore they need to understand where they find information and can be independent learners.

**Senator BRANDIS**—Thank you very much, Professor van Ernst.

**CHAIR**—Thank you very much, professor.

[4.19 p.m.]

**HILAKARI, Mr Luke, President, Monash Student Association**

**KING, Ms Michelle Angela, Student Rights Officer, Monash Student Association**

**RUTH, Ms Johann, Acting Senior Executive Officer, Monash Student Association**

**CHAIR**—The committee has before it your submission No. 278. Are there any changes you wish to make to it?

**Ms King**—No, thank you.

**CHAIR**—The committee prefers all evidence to be given in public, although we will consider any request for all or part of evidence to be given in camera. I point out, however, that such evidence could subsequently be made public by an order of the Senate. I now invite you to make an opening statement and we will move to questions beyond that.

**Mr Hilakari**—First of all, I would like to thank the senators for taking some time out at 4 o'clock on a Friday afternoon to listen to our submission. I will start with a little bit of history about the Monash Student Association. We were established in about 1961 and incorporated in 1997. We get approximately a third of our amenities fees, which are spent by an elected student council. They are spent on such things as child care, student welfare, student rights, all educational type representation, about a hundred or so clubs, media, *Lot's Wife*—which is our student newspaper—our radio and other representative services for students.

We take a keen interest in the area of higher education. We value higher education as a strong asset of the Australian community, not only for bettering oneself but bettering the entire community. I do not want to spend too much time talking about the actual submission—it will leave more time for questions—so I will pass you on to Michelle King, who will talk briefly about the submission.

**Ms King**—Likewise, I will try to keep this as brief as possible. The overriding theme of the Monash Student Association's submission is that a number of the current problems being experienced in higher education in Australia can be attributed, at least in part, to a lack of consultation with students. On the ground at Monash, the kinds of problems we identified were: an insufficient level of public funding, a reduced level of funding to the areas of core business, such as teaching and research and, indeed, the ancillary administration and support services which underpin them; a significant level of cost shifting to students in terms of ancillary and tuition costs and, indeed, service reduction across the university. Underpinning all of this are inadequate income support arrangements for students.

While more public moneys are certainly needed in the sector, we also appreciate very keenly that cost effectiveness is one of the key areas and key tests against which public investment should always be tested. We feel that one of the core ways to achieve cost effective policy

reform in the area is to ensure that students are indeed consulted at both the university and federal levels.

Further to our argument, public moneys in and of themselves are not a sufficient solution to a number of these problems which we have identified. What we need also is a range of new ideas. Again, we think that higher education is a very complex area, it is an area which is very core to Australia's national interest and it is not an area which should be designed, implemented, evaluated or indeed micromanaged without sufficient knowledge. Bringing the student voice back into the debate again will ensure, at least to some extent, improved outcomes are achieved for the kind of problems we have identified.

In relation to this, we have made a number of recommendations in our submission which basically cleave around four primary themes if we are going to improve the situation with operating grants to universities and tie those new public moneys to specific outcomes—however we decide to prioritise the specific outcomes we are after. We should explore new ways to consult with students at university and federal levels, to ensure that not only is there a range of consultation mechanisms but the diverse range of student opinion is consulted, which can only improve outcomes for the entire sector and indeed the community. We should research what are, in some senses, some fairly large gaps in the nation's understanding of how current higher education is operating and the extent to which students particularly are bearing the brunt of the current cost shifting exercise. In terms of income support, both at undergraduate and postgraduate level, we should look at removing some of the anomalies and indeed the inadequate basic level of payment.

In terms of some specific measures, which I will outline for you very briefly, we need to look at holding and boosting up public moneys in relation to increases in EFTSU at university level and indeed generally CPI, so that these areas of core business are supported to a greater level than they are at the moment. We need to look at addressing some the areas the Monash Student Association has identified as unmet needs—in terms of support services, particularly. Key mechanisms for doing this sort of thing would be to involve student associations more keenly with this process, involve students and student associations more keenly with university councils and, indeed, with DETYA directly, to ensure that the policy process is again more complete and has a more sophisticated understanding of student requirements.

A keen way to do this is to have a national review of these sorts of questions. Again, in our mind, there are a number of gaps that can really be researched and a number of new performance indicators or new measures which could indeed achieve a number of these things that we are talking about. Indeed, this sort of information should be made available to the public to overcome the problem we have identified of an asymmetry of information between the general community, prospective students and current students, about what is really happening on the ground at universities in terms of these questions.

As a corollary to all that, income support schemes need to be reviewed thoroughly in order to look at, for example, anomalies like why rent assistance is not extended to Austudy recipients and why there is not sufficient flexibility in current postgraduate scholarship schemes. As Luke mentioned, we are very happy to be here today and we are very pleased to have the opportunity to address some of these questions to you. We are more than happy to address any questions that you have for us.

**CHAIR**—Thank you. One of the issues you did not raise in your opening statement, which we were exploring earlier today, was the question of overall real funding having in general increased in the sector but, at the same time, quite significant evidence of a decline in teaching, student/teaching ratios and those sorts of issues. Some of what you included in your submission is quite helpful, where you have said that only 41 per cent of the operating budget was allocated to faculties in 1999, compared to 46 per cent in 1990. The question we were exploring a bit earlier today was: where is the money going?

**Ms King**—There are a number of questions. The first in my mind is that, depending on the range of dates during which you want to make your comparison, public moneys to the university have certainly dropped in recent years—I think that is a given in the sector—but, more importantly, if you look specifically at the Monash example and you look at the difference between 1990 and today, overall level of income to the university has dropped—

**CHAIR**—Overall?

**Ms King**—In relation to EFTSU and when CPI is applied.

**Senator BRANDIS**—Are you just talking about Monash?

**Ms King**—Just at Monash, indeed, yes. At Monash per EFTSU income has dropped since 1990.

**CHAIR**—So per EFTSU, public, private?

**Ms King**—Overall income.

**Senator BRANDIS**—Does that include student fees?

**Ms King**—Yes, it does, indeed.

**Senator BRANDIS**—Income from all sources?

**Ms King**—Operating income from all sources.

**Senator BRANDIS**—Is there a table in your submission?

**Ms King**—There is, indeed.

**Senator BRANDIS**—Can you direct my attention to it, please.

**Ms King**—Let me point you to table 3, which is on page 24. If you look at the 1990 EFTSU and the 1990 overall university income, compared to the 1999 EFTSU and the 1999 overall university income per EFTSU, the growth in EFTSU has outstripped the growth in income.

**Senator BRANDIS**—Does that take into account research money?

**Ms King**—Yes, it does. It is overall operating income.

**Senator BRANDIS**—From all sources for all purposes?

**Ms King**—Yes.

**Senator BRANDIS**—For all recurrent purposes?

**Ms King**—For all recurrent purposes that appears in the operating budget of the university. In addition to this, moneys have come out of faculty budgets. I will point you to the table I am referring to, which is faculty expenditure, table 12, on page 46. The faculties also receive a reduced amount of that initially reduced operating budget. In terms of where the money is going, instead of going into those core businesses, the interesting question in my mind is why that information is very hard to get hold of. As you can imagine from the submission, I did a fairly thoroughgoing review of budgets since 1990 and I had a great deal of difficulty determining where that five per cent reduction had been moved towards. I think that is a question that could well do with a great deal of research. I think that is a vital question to the health of the sector.

**CHAIR**—Suspensions? Gut instincts?

**Ms King**—I do not know that I really want to engage in suspicions. I think the more thoroughgoing response to that question is, yes, it is an extremely interesting question and it is an area that should be researched.

**Senator BRANDIS**—It is atypical, though, from what we have found—but we are only part of the way into this series of hearings. Generally what we find is that there has been a six per cent decline in public money but in real terms an overall increase in university aggregate revenue.

**Ms King**—Again it is a question of how the measurements are made. Aggregate revenue per EFTSU is the most interesting question. Obviously, as you know, since the Dawkins revolution, there has been an exponential rise in EFTSU as well, so it is a question of how much money the university has and how many students or other requirements need to be met with that money. With the correct application of CPI there has been a reduction in the case of Monash.

**Ms Ruth**—Could I add, though, it is unfortunate that we are at one part of Victoria today. Should you see the other campuses of Monash University, they are quite spread out as well. It is a multisite university. It is also one that is taking education outside Australia. I assume there are some sort of financial pressures and planning for the next 10 to 20 years associated with that as well. It is just unfortunate, from our perspective in the student association, that we are not privy to all the planning and budgetary constraints involved in that.

**CHAIR**—The situation is also difficult in part—in Victorian terms—in that both Monash and La Trobe have decided not to make a submission to this inquiry. I personally find that somewhat unfortunate because I am a graduate of both institutions.

**Senator BRANDIS**—You had better tell us.

**CHAIR**—And therefore I am not in the position to ask them precisely that question. At this stage we are only in the position to explore what factors have changed between those periods to try and get some comprehension.

**Ms King**—I would also like to add to our answer that the generation of private income in and of itself requires funding, so where public moneys are being stripped away from the university and the university needs to go out and generate private income, that—in and of itself—requires a significant investment. In terms of my visceral feeling about where the money might be going, it has to be—to some extent—going to generating private income so the university can indeed keep its head above water.

**Mr Hilakari**—That really gets caught up in issues of protecting the Monash name to attract investors and showing that you are the best institution. I am sure many large amounts of public money does get tied up in just keeping up the Monash brand name.

**CHAIR**—We were also discussing earlier the issue of future funding models with Mr Laver and what alternatives to the current system would assist in protecting core activities. Is that your notion, that if we look at throwing additional resources at the sector that it may be tied, for instance, to core activities?

**Ms King**—Indeed, yes. As I mentioned, the idea that the requirement to generate private income indeed takes a significant amount of resources in and of itself and that poses an inherent danger that university operating grants can be siphoned off, at least to some extent, to generating these private incomes. Whilst that is very important for the university, what should be protected at the absolute core of all higher education policy and funding settings are those very core areas which affect students so significantly—teaching, research, administrative support to those ends and support services for students to ensure the best quality outcomes.

**CHAIR**—What about the notion that there are core university subjects, disciplines, that are never going to attract commercial attention? Would you put them in the same boat?

**Ms King**—Indeed. I will refer you to another table in the submission. If you look, for example, at income from student fees and DETYA by faculty in 1999, which is on page 52, you will see that there is a huge disparity in the performance on that single measure of private income generation. Although this is not entirely replicated in terms of the other measures, most of the other measures also at least indicate a very big disparity. It is absolutely true that having a diverse range of disciplines which are protected to ensure they will continue is indeed very vital to the quality and diversity of our education. We came across a number of pieces of evidence which suggest certainly diversity has dropped, particularly in those faculties which are unable to generate a large amount of private income, and I will refer you—

**Senator BRANDIS**—Before you go off that table, just to assist me to understand table 13, to the extent to which none of these figures, reading across, add up to 100 per cent, is the difference commercial or private money or something?

**Ms King**—At least partly, yes.

**Senator BRANDIS**—And what else?

**Ms King**—I would have to take that question on notice.

**Senator BRANDIS**—But you think it is largely private money—in other words, privately sourced non-fee income?

**Ms King**—It is largely other moneys, including research moneys, both public and private. That would represent the majority of the disparity. If you would like further detail in relation to the breakdown of public and private, we will take the question on notice.

**Senator BRANDIS**—Thank you.

**Ms Ruth**—It also does include income generation from the faculties themselves, where they may be experimenting in consultancies and that type of thing.

**Senator BRANDIS**—Yes, I understand.

**Ms King**—We will happily take that question on notice.

**Senator BRANDIS**—Thank you.

**CHAIR**—Are you continuing at this stage?

**Ms King**—Yes. What we have here is clear evidence that some faculties outperform others in relation to their capacity, on this measure at the very least, to generate private income. It is fairly much a given in the sector that the generalist faculties will not perform as well in these measures as the more specific vocationally based faculties, or those which have a very applied area.

**Senator BRANDIS**—This is probably a convenient point to interpolate this: I think you were in the room when I had the discussion with Professor van Ernst about what I call the generic courses and the vocationally focused courses. Isn't the answer to this, though, that universities, if they adopt the policy of protecting their generic or more general undergraduate courses, have to cross-subsidise?

**Ms King**—That is certainly part of the answer.

**Senator BRANDIS**—Therefore, if money comes into the vocational areas of interest from industry—from outside—the universities, under whatever the funding might be, are obliged to cross-subsidise to protect those which are not particularly attractive to commercial funding.

**Ms King**—That is certainly a very large proportion of the answer, but I would say that it is not the complete answer.

**Senator BRANDIS**—What are the other answers?

**Ms King**—I am getting to that. The evidence at the moment is that Monash University—which is the area in which we are expert—has failed to do that. There have been huge cuts suffered both in the arts and the science facilities, which are two generalist faculties at Monash.

both in the arts and the science facilities, which are two generalist faculties at Monash. Part of the problem there is that universities are not obliged to do so. We will put that aside at the moment and concede that, yes, an obligation to do so would certainly improve the situation, but again the whole issue that this generation of private income uses up a significant amount of resources means that they inherently, at the moment, because of this, do not pay for the same things that public moneys do. In some senses, on a very visceral level, I feel that there is still a huge gap in public funding, and injecting public funding is another equal part of the solution.

**Senator BRANDIS**—But there might be a huge gap in private funding, too.

**Ms King**—Yes.

**Senator BRANDIS**—As I said—I think to Professor van Ernst—public funding is finite because people never want to pay any more taxes, and there are constraints on governments of whatever political colour. Nobody is saying that they want to put up student fees and students, naturally, are saying that student fees should be abolished or reduced. But it seems to me that, from a philosophical point of view, there is this huge free-rider problem, that private business is getting a dividend from a public good without paying for it. I am not an educational expert, by any manner or means, but it just seems to me as a matter of social justice that if you are looking for anyone who ought to be paying more into the universities, it ought to be the private sector.

**Ms King**—Whilst I agree with you, I would also say that it is not necessary to increase taxes in order to fund higher education more.

**Senator BRANDIS**—I understand that. That is a debating point.

**Ms King**—It is a question of allocation.

**Senator BRANDIS**—That is a debating point. I understand that.

**Ms King**—Yes.

**Mr Hilakari**—There is also a fundamental change in the way in which universities are now sourcing their private income. Monash is going through a little bit of a change period in which the budgets for faculties are going to be given directly to that faculty, with the responsibility of the faculty to then source their private incomes. The bottom line then will be of that faculty, so it will be the faculty's problem if they are not meeting the bottom line. Monash University will not be looking to pull the other faculties out in case they do not meet their bottom line, or they want to expand their subjects, which is a change at Monash University.

**CHAIR**—How do they determine what proportion the arts faculty gets?

**Ms King**—This is something which is determined largely behind closed doors and it is not something that we are sufficiently expert upon to comment about in a sophisticated and thoroughgoing fashion. If you would like us to do some further research on that, we will take the question on notice.

**Senator BRANDIS**—Absolutely.

**CHAIR**—Just following that, what background you do have about how a particular faculty's budget is set, and how the expectations about how much they should raise it is being determined, to the extent that you have that information available, would be very useful to the committee.

**Ms King**—Except to say this at the moment: the evidence on paper which we have concluded in the submission seems to suggest that the public moneys come through as tied to EFTSU, and then the faculties are left to generate their private income as best they can, and faculties are certainly even getting a smaller percentage of the university budget, as is the operating budget. How that is determined we will have to take on notice.

**CHAIR**—Because the university would obviously not anticipate that the arts faculty would be able to raise the same amount of private income as opposed to the business and economics faculty.

**Ms King**—Yes.

**Senator BRANDIS**—But nor should it be expected to. I know there are some people on the very right wing of politics who say this all should be market driven, but plainly universities should not be just market driven. There are some courses, the liberal arts being a classic example, which can never be done justice to if it is determined by market forces alone. Having, I hope sufficiently, disclosed my own prejudices, can I ask you this: from your own point of view as students, do you feel that the emphasis in more recent years on more vocationally based courses has been at the expense of more generic or generalist courses? And if that is so, do you feel, as students, that your capacity to become skilled and adaptable is suffering?

**Mr Hilakari**—I might want to take that question from more a personal level. I am an arts student—well, when I was studying, and not president of Monash Student Association—and recently—

**Senator BRANDIS**—I am sorry, you say that slightly defensively, Mr Hilakari.

**Mr Hilakari**—Well, that may be from the question.

**Senator BRANDIS**—I thought it was a pretty soft question.

**Mr Hilakari**—No, it is a good question, because it does highlight some issues we face, like recently the classics department of Monash was removed. That was three years ago. I know many arts students have the mind-set that, 'I can't get a job with my arts degree. I have to go seek out another degree.' They are doubling up their degrees. There are real problems. When I leave my university, I have an arts degree behind me. Where is that going to take me? I am having to look for other vocational courses, maybe throughout the TAFE sector or somewhere else, but at the very minimum look for another degree to patch on the end of it.

**Senator BRANDIS**—There is nothing wrong with that. There is nothing wrong with any education, but it seems to me that there is something fundamentally wrong with universities not supporting courses which are not going to be market driven.

**Mr Hilakari**—Yes.

**Senator BRANDIS**—You gave an anecdote. I will give you an anecdote. I have done three degrees. Two of them were vocational, in law, and one of them was my arts degree. That is, without a shadow of a doubt, the most useful degree I ever did.

**Ms King**—I might answer the question on a more specific, Monash basis, rather than a personal basis. If you turn to page 41 in the submission and look at table 10, as Luke mentioned to you, a number of disciplines in the arts and science faculties at Monash have been entirely lost to the university, and they are listed in the submission. What is interesting to us, however, is, within those subjects that remain, the amount of choice for individual students in terms of what they are going to do within those specific discipline areas. As you can see, between 1992 and 2001—

**Senator BRANDIS**—That is still pretty good, it seems to me. I mean, 23 subjects in philosophy? That is pretty good. When I did philosophy at the University of Queensland, there would have been half as many subjects as that.

**Ms King**—It is not a question so much of the current rate, just in terms of the point I am trying to make.

**Senator BRANDIS**—You are saying that there is a downward effect.

**Ms King**—There has been a downfall, and looking conversely to business and economics, or looking conversely to the capacity of business and economics to generate private income and so forth, as we did just previously, the same is not true in the vocational faculties. Yes, I agree with you wholeheartedly, there does seem to be a danger in the current funding arrangements if universities are not required to protect the generic faculties and the highly vocational disciplines. I would argue, likewise, as a Monash arts graduate myself, here I am with a job, and indeed that degree was very useful to me, but the evidence on the ground is exactly as you were pointing to; there is certainly a danger that the generalist faculties will suffer.

**Senator BRANDIS**—I suppose there is also the consideration that, of all the disciplines that are taught in universities, the cheapest to teach are the arts courses because they do not require any equipment.

**Ms King**—They require very little equipment.

**Senator BRANDIS**—Not much equipment, yes.

**Ms King**—Yes. In terms of staff remuneration levels, you are not to the same extent having to attract individuals from private industry, so that there is a bit of a cost saving there too.

**Senator BRANDIS**—This is something we will take up with people from industry. I do not think you were here when Mr Laver spoke on behalf of industry.

**Ms King**—No.

**Senator BRANDIS**—But it seems to me that there is this extraordinary ignorance, at least in some sectors of industry—and the professions, indeed—in thinking that the liberal arts degree, for example, or a generic science degree, is an indulgence, when in fact they are the opposite. They give people the opportunity to be flexible in changing and adapting in their career paths. It seems to me that the one thing this committee ought to be doing when it reports is trying to perform an educative function to industry, to say, ‘You people are fools if you think that a training in the classics, for example, is an indulgence. It’s not.’

**Ms King**—Well, as a piece of evidence there, one merely has to look at the vocational areas in relation to most of Australia’s vice-chancellors. There is a fair proportion of classicists amongst them and, where they are not classicists, there is a fair proportion of sociologists and so forth, like our own VC. I think the evidence is certainly out on that question as to whether employers sufficiently value those generic skills but I think the question is whether they value it enough in order to then turn around and fund it.

**Ms Ruth**—Senator Brandis, there is a point that you were exploring earlier and I thought that it may be of value to just advise you of an experience our association had. That was where industry, a particular sector—and it was the health industry—was involved with the university in the production of a postgraduate course. What happened was that the industry, having its need met in the producing of particular qualifications and filling that gap, decided it no longer needed to continue on with this arrangement, so it just gave notice—relatively short notice—that it was withdrawing funding. We found ourselves having to develop the expertise in negotiating with the government, state government officials, with the industry heads, with employer bodies associated with that industry, and back with the various faculties that were affected, over a relatively short period—over a Christmas period—and we had to contact every single student who was affected. There were approximately 400. We had to individually speak with them. All were up-front, fee paying students.

It was an example of industry, the health industry—we are talking about professionals—that did not seem to understand or somehow forgot the infrastructure required to put on a postgraduate course, and also, for those who were paying fees, to have it retain some value. What they saw was that they were just going out and buying a product. It could have affected the university’s name. It definitely affected those students who were involved. I can tell you it did have a reasonable outcome, and arrangements were put into place, but it did require us to develop a fair amount of expertise in dealing with government bodies. But it really hit home, the danger of entering into arrangements, even with professional bodies and industries, putting together moneys, a school, and courses.

**Senator BRANDIS**—I appreciate the example but that was a pretty stupid thing for them to do in that case.

**Ms Ruth**—Yes, I believe so.

**Senator BRANDIS**—It was just a bad decision.

**Ms Ruth**—Yes.

**Senator BRANDIS**—You point to that as being indicative of a culture, I suppose?

**Ms Ruth**—Yes.

**CHAIR**—Unfortunately, we have to conclude slightly early today.

**Senator BRANDIS**—Can I congratulate you on the quality of your submission. It is the best one we have received, in my opinion.

**Ms King**—Thank you very much.

**CHAIR**—Again, thank you for your submission.

**Ms King**—My pleasure.

**CHAIR**—We look forward to some further information as well.

**Ms King**—Thank you.

**Committee adjourned at 4.52 p.m.**