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Reference: Higher education funding and regulatory legislation

(Private Briefing)

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SENATE
EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
REFERENCES COMMITTEE

Tuesday, 23 September 2003

Members: Senator George Campbell (*Chair*), Senator Tierney (*Deputy Chair*), Senators Barnett, Carr, Crossin and Stott Despoja

Subcommittee members: Senator Carr (*Chair*) and Senators Crossin, Stott Despoja and Tierney

Participating members: Senators Abetz, Bartlett, Boswell, Buckland, Chapman, Cherry, Jacinta Collins, Coonan, Denman, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Harradine, Harris, Humphries, Hutchins, Johnston, Knowles, Lees, Lightfoot, Ludwig, Mackay, Mason, McGauran, McLucas, Moore, Murphy, Nettle, Payne, Santoro, Sherry, Stephens, Watson and Webber

Senators in attendance: Senators Carr, Crossin, Moore, Nettle, Stott Despoja and Tierney

Terms of reference for the inquiry:

To inquire into and report on:

- The principles of the Government's higher education package
- The effect of these proposals upon sustainability, quality, equity and diversity in teaching and research at universities, with particular reference to:
 - The financial impact on students, including merit selection, income support and international comparisons
 - The financial impact on universities, including the impact of the Commonwealth Grants Scheme, the differential impact of fee deregulation, the expansion of full fee places and comparable international levels of government investment, and
 - The provision of fully funded university places, including provision for labour market needs, skill shortages and regional equity, and the impact of the 'learning entitlement'
- The implications of such proposals on the sustainability of research and research training in public research agencies
- The effect of this package on the relationship between the Commonwealth, the States and universities, including issues of institutional autonomy, governance, academic freedom and industrial relations
- Alternative policy and funding options for the higher education and public research sectors

WITNESSES

CAMERON, Mr John Michael, Executive Director, University Services, Australian Catholic University	1
DYNAN, Professor Muredach Benedict, Pro-Vice-Chancellor, Quality and Outreach, Australian Catholic University	1
FENTIMAN, Ms Shannon Maree, Education Director (Elected), Queensland University of Technology Student Guild	65
GARDINER, Professor, David George, Deputy Vice-Chancellor (Academic), Queensland University of Technology	53
GARDNER, Professor Margaret Elaine, Deputy Vice-Chancellor (Academic), University of Queensland	15
GUILLE, Dr Howard, Queensland State Secretary, National Tertiary Education Union	65
HAWKE, Mr Ian Lindsay, Director, Office of Higher Education, Queensland Government.....	31
JANSEN, Ms Jodie Robyn, President (Elected), Queensland University of Technology Student Guild	65
MOODIE, Mr Gavin Forbes, Principal Policy Adviser, Griffith University	46
PETERS, Mr Michael, Carseldine Campus Director (Elected), Queensland University of Technology Student Guild	65
SHEEHAN, Professor Peter Winston, AO, Vice-Chancellor, Australian Catholic University	1
SMITH, Mr Kenneth John, Director-General, Education, Queensland Government	31
SNOW, Mr Shane Bradley, Education Officer (Staff), Queensland University of Technology Student Guild	65

Subcommittee met at 9.03 a.m.

CAMERON, Mr John Michael, Executive Director, University Services, Australian Catholic University

DYNAN, Professor Muredach Benedict, Pro-Vice-Chancellor, Quality and Outreach, Australian Catholic University

SHEEHAN, Professor Peter Winston, AO, Vice-Chancellor, Australian Catholic University

CHAIR—I declare open this public hearing of the Senate Employment, Workplace Relations and Education References Committee. On 26 June 2003, the committee was asked by the Senate to inquire into the policies and principles underlying the government's higher education package as set out in the ministerial statement entitled *Building Australia's future*. The committee was asked to consider the effects of these proposals in light of the government's stated intention to deliver policies characterised by sustainability, quality, equity and diversity. The committee is examining the implementation of these objectives, with particular reference to the financial impacts on universities and students. This includes considerations of radical initiatives in fee deregulation and the expansion of full fee places, both of which are the consequence of changes to the Commonwealth Grant Scheme. The other issues which come within the terms of reference include the effect of the proposals on research policy and funding, university governance issues, academic freedom and industrial relations.

Legislation to implement the government's policies has only recently been introduced, yet this committee is due to report to the Senate on 7 November. It is highly likely the deliberations of this committee and the findings it produces will have a significant effect on the shape of the legislation if it is to pass the Senate. This hearing is being conducted by a subcommittee of the Senate Employment, Workplace Relations and Education References Committee. Before we commence taking evidence today, I wish to state for the record that all witnesses appearing before the subcommittee are protected by parliamentary privilege with respect to the evidence provided. Parliamentary privilege refers to the special rights and immunities that are attached to the parliament or its members and others necessary for the discharge of parliamentary functions without obscuration and fear of prosecution. Any act by any person which operates to the disadvantage of a witness on the account of evidence given before the Senate or its committees is treated as a breach of privilege. I welcome all observers to this public hearing and I also welcome our first witnesses, Professor Peter Sheehan and his colleagues. The subcommittee has before it submission No. 18. Are there any changes you wish to make?

Prof. Sheehan—No, there are no changes, but if it is permissible I would like to make a brief statement.

CHAIR—The committee prefers all evidence to be given in public, although the committee will also consider any request for all or part of your evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

Prof. Sheehan—Thank you very much for the opportunity to appear before you and have this interaction. I would like to briefly introduce myself and my colleagues. I am the Vice-

Chancellor. John Cameron is the Executive Director. He has been involved in some of the modelling in relation to the reforms. Muredach is the resident PVC for Brisbane and he has particular charge of Indigenous education and equity. If it is permissible, I would like to draw my team in to give the best answers they can to your various questions. I have given a copy of this statement to John Carter. In your letter of June 26, you invited me to make a submission and I have done so. I have done that by setting out for you the nature of the Australian Catholic University, which I have argued is distinctive in the Australian university sector, and by outlining to you our preliminary analysis of the impact of the government's higher education proposals.

As the submission states, the Australian Catholic University is uniquely branded and uniquely situated in the higher ed sector. Our submission attempts to show that the Australian Catholic University, a university in receipt of public funding, offers a special kind of diversity that underpins a system of higher education that is searching for meaning. We aim to treat our students as persons, provide them with a sense of purpose and meaning, assist them to think critically and empower them to become moral agents of what we call social transformation.

Dr Nelson, the minister, spoke to the Higher Education Support Bill last Wednesday. In his speech, he signalled a number of significant changes which differed from his earlier suggested reforms. We are now assessing the implications of those for the university. Some of the major ones that I perceive are, very briefly: the legislation has now been formulated to enable universities to have a tolerance band for overenrolment of five per cent—that affects us; the learning entitlement has been extended—this is relevant to all universities, including ours; OS-HELP has been introduced to help attract foreign students—that is relevant to our institutional priorities, as we aim to have growth in international students; an additional amount of money has been allocated to Indigenous support, which is relevant to our priorities because we feel we have a specialty in Indigenous education; and the government is maintaining its stance on full fee paying places and looks to be providing access to additional funds providing universities to comply with national governance protocols and workplace requirements—that is relevant to our priorities but only if we comply with the protocols.

I would like to outline three additional implications for the Australian Catholic University. First, we are conscious we have to compete for all initiatives introduced for extra funds; there are a number of those and we look forward to the guidelines. It appears we have complicated access to additional funding. Second, we will try to fit the national governance protocols to the present structure of the university senate but we are conscious that a fit with the government's higher education workplace relations requirements is now necessary to gain additional resources. No matter what the outcome of the legislative debate is, selected targeting will obviously be critical for us.

If I could offer a concluding comment: the Australian Catholic University as a public university is a member of the Australian Vice-Chancellors' Committee and I am a member of its board. I see major strengths in the AVCC vision for 2020. First and foremost, I think the AVCC model provides increased investment in higher education, which I believe we all see as needed. Importantly, it provides for a new financial model which emphasises diversity, which is very important to the sector.

I particularly value the reinforcement of access and encouragement to Indigenous education, but there are major concerns I share with it in relation to the government's package. I note

especially there is no full indexation to strengthen increased investment. I am particularly concerned by the link between education changes and workplace relations, especially in relation to access to CGS. I do not think at all that the solution to higher education in this country is to locate a model with one size that fits all universities—such does not reinforce or strengthen diversity in the higher education sector, which must be sustained.

In conclusion, in the concluding section to the submission before you I argued that the government has the opportunity to ensure that its decisions are made from first principles, that it favours realising the individual citizen's full education potential and that all persons are able to participate in higher education at times and in ways that suit their circumstances. Diversity within the current higher education system ought to be preserved, nourished and extended. It is very disappointing to me that ACU loses in the reforms that have been announced.

CHAIR—Thank you. Your submission highlights some of the concerns the university has. In fact, I note your submission has listed 15 areas of deficiency in the legislation. You are particularly concerned about the level of interference—overregulation, as you put it—in the package. Have you had an opportunity to actually read the proposed bill?

Prof. Sheehan—I have not read it in fine detail but, yes, I have looked at it.

CHAIR—Clause 30-25 specifies the nature of these funding contracts that you are to enter into with the Commonwealth government. It fundamentally redefines the relationship between the Commonwealth and the university. Would you agree with that assessment?

Prof. Sheehan—Yes, I do.

CHAIR—I could read the whole clause out to you, but it does go on for a page or so. It basically says that you cannot go to the toilet without permission from the Commonwealth.

Senator TIERNEY—That is a slight exaggeration.

Prof. Sheehan—I actually would not go that far.

CHAIR—Do you feel as if it is a bit like you are back at school—where the level of control being proposed by the Commonwealth suggests much higher levels of intervention than we are used to in this country with regard to our universities?

Prof. Sheehan—I do think that the extent of regulation has increased. It concerns me. Actually looking at it and turning that penny over, not only does increased regulation and intervention take away time that might be spent in doing the things that are important to quality of higher education, but also an exorbitant preoccupation with regulation actually stultifies the creativity of the sector itself. I am concerned that there does seem to be increasing regulation in the sector.

CHAIR—It actually goes much further than most vice-chancellors have indicated publicly. This particular clause sets conditions on which the grant is subject on a case-by-case basis, so it is effectively giving carte blanche to set conditions at an institutional level. I did put it in

colourful terms, but it does strike me that the capacity for Commonwealth bureaucrats to interfere in the running of your university is much starker than we are used to. Would you agree?

Prof. Sheehan—Yes, I do. I think that will be a very difficult exercise. I would also like to add that I think it is an exercise that promises great conflict and confrontation in the sector, which makes the exercise even more difficult.

CHAIR—It goes to the issues of the number of places, the particular teaching programs that can be studied, the location they can be studied at and the number of undergraduate and postgraduate courses that can be offered, and of course it has financial penalties built into it. How do you think this will affect the operation of the Australian Catholic University?

Prof. Sheehan—I think it will be very difficult. As you have asked me, I do think it is overregulated and I actually worry about the sector's capacity to comply with it. I am also concerned that, where excessive regulation exists—not only in the higher education sector, but in other areas of government—it is often associated with punitive measures. I think that is not good for a constructive approach or for dialogue between the sector and the universities.

CHAIR—You indicate to this committee that your university is likely to see a funding cut. Have you estimated the funding shortfall for the Australian Catholic University?

Prof. Sheehan—I will take a couple of sentences to answer that. We were originally reported in the media as gaining about \$900,000. That was not so—a mistake was made. I think a number of universities have looked closely at this. When we looked closely, we found that we were losing something in the order of \$642,000. There have been considerable changes and we have not determined the detail of those, but my estimate—and it is a provisional estimate—is that we are still losing, but slightly. So, when I say that I am disappointed to be a loser in the system, I am making a comment in that context.

CHAIR—The transitional money is temporary, but the cuts are permanent. Can you anticipate, over a five-year period, what the likely effects will be on the university?

Prof. Sheehan—As I said in my statement, we do have to, and we will, conscientiously apply ourselves to competitive guidelines for the various initiatives that are coming in. I think the changes that have been made ease the problem for us, as I think they do for most universities, particularly in relation to the five per cent. Over time, I hope we gain from the exercise but, as I said, I am disappointed that, at this stage, my best analysis is that we lose.

CHAIR—The minister has confirmed that the enhancements are cost neutral, so there will have to be savings to offset those enhancements. How can you say that you will be gaining from those enhancements if they are cost neutral?

Prof. Sheehan—I cannot say. If I did not say this before, I will say it now: it is my hope that I will.

CHAIR—The Australian Vice-Chancellors Committee, or a number of its leading members, particularly the GO8, have supported this package and they have asked us to basically pass the

legislation sight unseen. The University of Sydney, one of the leading advocates and main beneficiaries of the scheme, has provided us with a submission. It says:

There are a number of obvious deficiencies in the package outlined in the ... review: (i) there is the ill-conceived commitment to Voluntary Student Unionism; (ii) there is an overly tight straitjacket for the distribution and re-distribution of government subsidised university places; (iii) there is an excessive degree of control inherent in the discipline mix, with the potential for gross intrusion upon university autonomy, academic freedom and student choice; (iv) there is a totally illogical link between increasing funding and ideological components of industrial relations and unduly formulaic changes in governance; and (v) there are new taxes on international activities ... However, the most significant defect is the lack of an effective mechanism for indexation of the government contribution. The proposals in this package are not sustainable in the medium to long term and there will continue to be an inbuilt degradation factor and an ongoing need for episodic injections of additional funding.

Would you agree with that critique? If so, is that a view you have put through the AVCC?

Prof. Sheehan—I have not seen their submission and I think I would need to see it to say entirely whether I agree with everything they say. I am not really targeting the GO8 in particular, but there are factions within the sector and the GO8 is one of them; another group that I refer to in my own submission comprises the new generation universities, the regional universities and what have you. I think each of those groups has particular needs. I think that a key need for the GO8 is to protect their research intensity. Certainly, I think the statement that I heard you make on international enrolment or international students is an issue that concerns them in particular, and most universities. I think aspects of that would meet with considerable agreement in the AVCC, but I am conscious of the fact that each group that speaks out does so from its own perspective. I think the AVCC does not line up with any one group particularly.

CHAIR—Do you support increased fees and real rates of interest on student fees?

Prof. Sheehan—I support the AVCC line on that that there should be a close re-analysis of the interest or charge.

CHAIR—What do you mean? What does that mean?

Prof. Sheehan—I think we should charge less interest or no interest.

CHAIR—So you do not support full—

Prof. Sheehan—I do not support the government position on that, no.

CHAIR—You do not support that?

Prof. Sheehan—That is correct.

Senator TIERNEY—How many marginal enrolments does the Australian Catholic University have?

Mr Cameron—At this moment, approximately eight per cent.

CHAIR—How many would that be?

Mr Cameron—About 550.

Senator TIERNEY—So the recent modifications are an improvement over what was originally proposed in the initial legislation?

Mr Cameron—The fact that we can go to five per cent overenrolment?

Senator TIERNEY—Instead of two per cent.

Mr Cameron—It certainly is.

Senator TIERNEY—Professor Sheehan, you mentioned concern about workplace relations aspects. The policy is that we are asking universities to make provision for staff to access AWAs. What objection would you have to that?

Prof. Sheehan—There are a number of facets in that. Workplace reform tied in to access to funding—and I know that is related to what you said—in the way that it has been asked would be difficult to manage and to achieve in the sector.

Senator TIERNEY—All that is being asked is to give access to AWAs—why is that difficult?

Prof. Sheehan—It is difficult because the unions are implacably opposed to it. If you take my university, we are silent on the issue of workplace agreements, but whenever there is an attempt to introduce a workplace agreement we get very strong opposition. Certainly the union has now publicly announced its intent to fight it all the way. I do not want to defend their cause except to make the point that I think the workplace reform, particularly the tying in of access to funding, will be a very difficult issue for the sector to achieve.

Senator TIERNEY—Surely the union position is not reasonable. Surely it is just trying to create a closed shop for them.

Prof. Sheehan—There are many positions in the union that I do not think are reasonable.

Senator TIERNEY—The rest of society is moving in a different direction. Why should universities be any different to what is happening in industry generally where AWAs are becoming more widely available?

Prof. Sheehan—I think workplace agreements are still to some extent selective. Universities have been singled out. There are a number of professions in which workplace agreements are not running current. Enterprise bargaining, the role of the unions and their position with respect to AWAs are really explosive issues. The government knew about that. When I say I was disappointed I was hoping for some kind of wording that would allow access to funding. What I fear now—and that is why I use the term ‘disappointed’—is that our access to those funds will be blocked by the confrontation and conflict ahead.

Senator TIERNEY—If we were requiring all universities to have AWAs, I could understand why it might be explosive. But we are not saying that at all. We are simply saying that the provision should be there if an individual staff member wants to access it. In a free society, what is wrong with that? Surely that is quite reasonable.

Prof. Sheehan—I think what came out yesterday was a fairly extensive statement. I have a couple of pages on it, not just one sentence. The number of conditions associated with that—the suggested wording—will pose great problems for the sector. I earnestly hope that the education package is not jeopardised by the conflict that I think we are about to enter into.

Senator TIERNEY—This package provides across the sector more public funding, but it also provides an opportunity for universities to increase funding from a range of sources. Given that new flexibility, what would the Australian Catholic University do in terms of accessing new sources of funds to support its operation?

Prof. Sheehan—I think that expresses a very constructive and flexible aspect to the package. That is behind my fear: I do not want to see it put at risk. An example of that would be to tap into your scheme to reinforce Indigenous education. ACU have a very strong Indigenous unit, undertaking Indigenous education activities and programs. I think we would like to tap into the collaborative structural reform program. I cannot answer that in particular because the guidelines are not out on that. I think we have a council and a senate that go close to meeting your protocols. But now I worry about whether or not we can comply with the workplace requirements—and all I can say is we will try to do so.

There are a number of aspects we can plug into such as teaching and learning enhancement. Teaching is very important at ACU. We have a teaching and learning policy, and I think there is likely to be a lot of consistency between the guidelines that I hope will come down the track and tapping into incentives for that scheme. My major worry is access to the CGS being blocked by compliance with workplace reforms and requirements. That is a really major worry. I think that is now caught up in the conflict about the statement that was released. The initiatives and schemes are flexible and constructive in bringing much needed money, and we will try to be as competitive with them as with can.

Senator TIERNEY—You mentioned that several figures have changed with revision of the package. I think your last statement was that you would be slightly behind on the overall government funding.

Prof. Sheehan—Yes.

Senator TIERNEY—Have you had a look at the Labor Party's alternative policy and what effect it would have on your funding, particularly in terms of CGS?

Prof. Sheehan—Yes, I have had a look at it. I think a very key thing in it is the support for full indexation. It is probably the No. 1 priority of the AVCC, though it realises the political complexity of that request.

Senator TIERNEY—We will see if they can apply that. They certainly could not do it in 13 years of government. Even with that, the analysis done by the Department of Education, Science

and Training and the Department of Finance and Administration shows that the Australian Catholic University will be \$1.53 million further behind on the CGS component, apart from anything else. Are you aware of those figures from the department of finance?

Prof. Sheehan—No, I am not frankly.

Senator TIERNEY—The analysis came out in a press release. It was a detailed analysis from the department of finance and the department of education, and it has been released.

CHAIR—Just on indexation an extra—

Senator TIERNEY—I am sorry. Before you go on, I have not received an answer to that question.

CHAIR—I thought you had.

Prof. Sheehan—I was not aware of those figures.

Senator TIERNEY—We will send them to you. What every university has got to consider is that policy and what might be the alternative policy.

Mr Cameron—We were not aware of them.

Senator TIERNEY—We will send them to you. Every university should be aware of them. I am publicising the Aim Higher policy everywhere. It seemed to sink without a trace when it first came out, but we will revive it.

Prof. Sheehan—The situation has been very difficult for ACU. We were publicised as being \$900,000 ahead. Then we worked out that was not so. It is very difficult to bridge the gap of being perceived to be ahead and actually being behind. Certainly those figures—

Senator TIERNEY—This would put you further behind.

CHAIR—Are you aware that under Labor policy the ACU would get an extra \$5 million on indexation alone. This is just on the indexation question—not on all the other measures, including regional engagement measures or industry assistance measures. The \$5 million is just on indexation.

Senator TIERNEY—We will hold our breath and wait for it, Senator.

CHAIR—I thought it would be helpful to get the balance right.

Senator TIERNEY—It will never be implemented.

Prof. Sheehan—Can I say that that would be much appreciated.

Senator STOTT DESPOJA—Speaking of balance, despite the temptation when I follow on from Senator Tierney to talk about other alternative policies I will not do it. Professor Sheehan, you mentioned the figures, and Mr Cameron, you have done the modelling. Senator Tierney talks about the figure being slightly behind. Can I clarify something there. You were talking about \$642,000. Was that the figure that you mentioned earlier?

Prof. Sheehan—When we tackled the government's first announcement of reforms we were \$642,000 behind and we communicated that to government. It was our assumption that we would get that in transitional funding, and we have made that request. With these reforms our provisional estimate at the moment, given the access to funds and the lessening of the strictures on overenrolment, has gone down to approximately \$20,000 behind, which is not a lot. But we are still behind. That is our best estimate.

Senator STOTT DESPOJA—Are you prepared to provide the committee with the modelling that you have done just so we have that for our information?

Prof. Sheehan—He did it.

Mr Cameron—Yes, I did it. I will explain how we arrived at that. The minus 600 was a recanting of the figures provided by DEST as to how they derived the plus 900. We have sent that to the department with a query as to the difference. The figure that the vice-chancellor just quoted suggests that, if we have 105 per cent enrolment—that is, 101 per cent of the Commonwealth Grant Scheme plus a further four per cent overenrolment—and we access the increased Commonwealth contribution, which is 2½ per cent in 2005 if you meet the criteria, then we would just about break even on the comparison in real terms between our current grant and the 2005 grant. That is all in a table. It is available.

Prof. Sheehan—I will add to that. The really problematic aspect of that is most of the statistics that enter into the debate and exchange between government and institutions and institutions and sister institutions are all premised on access to the 2½ per cent. This makes that assumption and now I fear whether it is accurate or not.

Senator STOTT DESPOJA—With those qualifications, if you are prepared to table anything, that would be good. I am happy for you to take that on notice. We recognise those qualifications—in dealing with other witnesses yesterday we had to take into account similar issues. You mentioned in your submission, and indeed just then, that you are waiting to hear back from DEST or you have had some communication with the department. I am wondering what meetings, if any, you have had with the department and, more specifically, whether you have met with Minister Nelson about the situation that ACU originally found itself in.

Prof. Sheehan—We have had no formal interaction in the sense of face-to-face interaction with the department. We have told them of our wish to have their reframing of a profile visit as soon as possible. They say they plan two next year and we said we want one in the early tranche. I have conveyed my reaction to the minister, mainly through board discussion but not in a private session with him. The fact that we are losing our expectation of transitional funding has been conveyed to him personally in the presence of other members of the board. I have spoken in relation to Australian Catholic University. He is aware of my concern about the tie-in between industrial reforms and access to the CGS. I have made that point many times on the board. The

AVCC makes it in its own submission and I have made it to the minister in those sorts of circumstances. But I have not had a behind-the-door personal interaction with him.

Senator STOTT DESPOJA—You are obviously waiting on information in reply to your last correspondence with DEST. Was that in light of the new figures?

Prof. Sheehan—I can only assume that our analysis must be acceptable to them because we have not had a reply that it is not.

Senator STOTT DESPOJA—Thank you for your comments about governance. The chair covered most of those queries. One additional query is: have your university council had an opportunity to discuss or debate the proposed reforms and have they an opinion or have they made any resolutions?

Prof. Sheehan—At a previous senate meeting, our senate discussed the reforms in their original formulation. Now that there have been changes, when the senate meets this Thursday I will be tabling my analysis of the changes and what that means for the institution. Separately they have discussed compliance with national governance protocols. I did an analysis for the AVCC of governance in relation to their committee discussions and I have shared papers like that with them regularly. So the answer to your question is that an update as of now is coming on Thursday.

Senator STOTT DESPOJA—I look forward to hearing what happens. You talk in your submission about the shift from government contributions to student contributions, including the HECS loading et cetera. You express concern about the impact of this cost shifting but in particular you say:

By virtue of its special Mission, however, the University must attempt to balance the potentially conflicting demands of revenue and equity.

How will you do that? I am curious about the socioeconomic composition of your students—that demographic—but also about your ability to attract fee-paying places or add to the cost burden that students are already dealing with.

Prof. Sheehan—We do not have a lot of fee-paying students and we had the option of fee paying at our university well before the reforms were formulated. I think there are about 252—not a lot.

Senator STOTT DESPOJA—I think you mention about four per cent in your submission.

Prof. Sheehan—It is well beneath the 25 per cent—it always has been. Having fee-paying students is an important option in that it preserves for us the option of attracting income to the university. The university does not have high income producing disciplines such as engineering, biological sciences or hard sciences. It is also one of the most dependent on government funding in the system. A high proportion of our operating grant goes on staff salaries, so attracting income is important—and that is just one of a number of options. We have decided to now target the growth in international students.

The balance between mission and revenue is always a tension in our system, because we have many initiatives that serve the mission by looking after social justice issues—for example, we have a fairly expensive and extensive program for restructuring education in East Timor. We have a number of scholarships. We have a whole range of initiatives, and we have to be very careful in a sense that we look at our economic situation. When we do that, at the same time we cannot lay aside the commitment to our mission, which looks at social justice issues. The proportion of socially disadvantaged students is an equity issue. I might draw Muredach into that.

Prof. Dynan—We will not automatically move to increase the HECS charges. One university has already stated its position at the other end of the spectrum, which is that it will move to the maximum straightaway, and it is perfectly entitled to do that. We would have difficulty even thinking like that, because that seems to take the equity dimension out of the picture. We fully understand the issues relating to which segments of society benefit from government funding for fees, and we appreciate that also. We accept the attempts within this revised policy to provide for equity. We are particularly positive about the Indigenous area, but in other areas the government's policy is attempting to deal with this issue. We support all those initiatives, including the scholarships, the access, the attempts to include rural and remote groups and people with disabilities. But they will be limited in number and often they are for full-time students.

We will have to watch that very carefully and we will be watching the research in this area very carefully to find out what the impact is on the student mix coming into our university from any increase in the HECS charges in our university. We do not have freedom to move on teaching and nursing because they are fixed, and they are a fairly large proportion of our profile. But we will not automatically rush in to putting the HECS fees up, because we do not have evidence either way. We do not have evidence that putting HECS fees up automatically disadvantages people from lower socioeconomic groups—at least, it is not proven—but intuition tells you that if you stick up the costs for students, in whatever way you do it, it is likely that those at the more vulnerable end will be affected most. We would be trying to be conscious of that.

Prof. Sheehan—I would add to that. I think it is a difficult issue for us because we have a university in the system that has made a decision in relation to HECS—that is, the University of Sydney—and we have a campus in Sydney. When we put a far lower HECS payment on a course, how do we resolve the tension between access for students that is fairer and more equitable and perceptions out there that we are offering a lower quality course? I do not know. ACU do not offer lower quality courses; in a sense, we will have to put whatever is there. But at the same time we have a duty of and a commitment to access to students who are relatively disadvantaged.

Senator NETTLE—I want to ask you about student support measures in terms of what is not in the package and what sorts of things you might like to see in the package, particularly in relation to the threshold but also in relation to other forms of income support for students—direct income support and also services on campus. How do you think those sorts of student support measures, or lack of them, in the package might impact on students at ACU?

Prof. Sheehan—We are looking at services on campus in all sorts of ways. Our current strategic plan is targeting those kinds of objectives together with others. I would like to see more focus in the package on that than there was but, nevertheless, that is an issue for us. A particular issue is that we are conscious of the report that was released not so long ago indicating that there is a reasonable amount of poverty out there among our students and that there are constraints on them when trying to do full-time study programs where they are also working very intensively.

I know our dean of students has raised with me the question of what we do about the poverty level of our students and how we relate to it. I am discussing that with them now. I do not have an easy answer to that, but the original package probably did not go far enough in terms of these sorts of measures. That was implied by the AVCC in their submission. The equity position in the Labor package is a little better than it was in the original package, but I would like to see resources there for the sorts of things that you have talked about. They are sufficiently important to us. We have to deal with them in some way and that increases the pressure on us in terms of the funding level for an important objective.

Senator NETTLE—If the measures in the bill in relation to voluntary student unionism come into play, would you see that impacting on students being able to access services on your campus? As the university administration, would you see yourselves as being able to pick up on the provision of some of those services?

Prof. Sheehan—I doubt that. I will ask the executive director to comment on that.

Mr Cameron—This issue would severely impact on the student association itself in terms of the services the university provides. It would have a cost impact because we would have to find alternatives in the level and the amount.

Senator NETTLE—You spoke before about your real concern that, because of conflict over the workplace relations issues and the non-ability to comply with those, you would not have access to the funding available in the package. You suggested that, particularly at the beginning, it looks as if the ACU will lose rather than gain financially from the package. A question that has been asked of other vice-chancellors is: do you still feel that there are benefits, particularly in the financial sense, in going ahead with this package considering the financial disadvantage to you—the potential conflict and the other issues you have talked about?

Prof. Sheehan—Speaking as a psychologist from way back, I think now it has taken on the character of a somewhat schizoid package. There are initiatives and schemes, as Senator Tierney asked about earlier, which are very important, very constructive and very useful. The tie between workplace reforms and access is a real negative side of it. Most of our analysis for the sector assumes access and now I think that is somewhat problematic. As I say, I am very concerned for the sector, particularly for us, obviously, because I am ACU's vice-chancellor. We really do need access to those funds and, if we cannot get access, it will be a financial strain for us. I am sure and I hope we can pick up in other ways through the reform packages. I do not know whether I can say at this stage that there is sufficient pick-up there for what we will lose in CGS access. Originally I think there was the expectation out there that universities would be able to access CGS, and now I think that is more problematic than it was some months ago.

Senator NETTLE—My final question is: how do you think that the scenario you have outlined of there being financial losses for ACU fits with the current climate of the last decade, particularly since 1996, in respect of the finances that ACU has received from the Commonwealth government?

Prof. Sheehan—I might bring in my executive director on that one. I think we have many more initiatives attracting funds to us than we did in 1996. We have increased our research funding, for instance. We now bring in something like \$2.3 million, which is a really substantial increase over 1996. But I think we still have a very high dependency on government funding, which means we need income to do all of the things we want to do, and I think we still have a large amount of that going on salary. In terms of 1996 versus now, I will invite the executive director to make a comment.

Mr Cameron—In 1996, as everybody knows, there was a six per cent across-the-board funding cut. The lack of indexation since the mid-nineties has been another funding cut. I note in one of the DEST papers that the average increase to institutions under this funding package, if everybody got an equal share of marginal places, would be six per cent. It does not quite make up for the six per cent cut because it is a lower figure, but we would expect to be returned to 1996 levels under the funding proposals over three years if we achieved the full 7½ per cent increased government contribution, which is up in the air, and we achieved a reasonable share of the marginal places. They are the two parts. So, if you compare where we are today with where we were in 1996, we are a long way behind. If you compare us in 2007 with 1996, under this package we might be similar to where we were placed then.

CHAIR—Eleven years later?

Mr Cameron—Yes. We would still be behind on the indexation, but in terms of student numbers we would be in a similar position, I think.

Senator CROSSIN—I am interested in the shift from two per cent to five per cent and our leeway in terms of the overenrolment. Will moving it to five per cent still have an impact on your operations? Will you still have overenrolments that you will be affected by?

Prof. Sheehan—Yes, it does have an impact, and it eases our situation.

Mr Cameron—The principal benefit of 105 per cent comes about because enrolment is not an exact science, and trying to hit within two per cent of a number before penalties is very difficult. So every institution, I believe, would have been planning to go for no worse than 100 per cent to ensure they did not get 102 per cent in their enrolments. The fact that you can go to 105 per cent means you now have some flexibility, if you have more returns than you expect, to be able to go there without penalty. The principal benefit of it is the ‘without penalty’ component.

Senator CROSSIN—What is your current overenrolment situation?

Mr Cameron—Eight per cent. We have reduced that from 10.1 per cent as the most recent target we have had and we have been on a reduced overenrolment path for some time.

Senator CROSSIN—But if it is eight per cent in coming years you will be affected by these measures. Is that right? You will be penalised.

Mr Cameron—We are already on a plan to come down to the two per cent by 2008, as required. Now we have to consider where we want to be if five per cent is the limit. But it may not make a significant difference to the planning, because of that issue of returning students and changing numbers.

Senator CROSSIN—I want to ask about the multistate structure of the ACU and the impact that will have on the requirement to change governance arrangements if, as in New South Wales, for example, there is not an agreement to change the legislation. How would that affect you, with multiple campuses around the country?

Prof. Sheehan—That is a difficult issue for us. Governance has been widely discussed by chancellors—by the different states in different ways and with reference to national governance protocols. Victoria has got a hard position on governance. It does affect us. Being a multistate university, we relate to each state—we have reporting understandings with them—and it is tricky. I think we are now involved in legislative discussions in Victoria. We are in dialogue about legislation with Queensland under quite a different scenario. It is a bit of a tightrope walk. I think the package itself, if I can make the last comment, does not really recognise the demands of multistate institutions. There are financial consequences of running six campuses, in Brisbane, Sydney, Canberra and Melbourne. I think that is very atypical. I think it is very desirable and the financial consequences of that are another factor in the mix that people have not attended to.

CHAIR—Thank you very much for coming today.

[9.54 a.m.]

GARDNER, Professor Margaret Elaine, Deputy Vice-Chancellor (Academic), University of Queensland

CHAIR—Welcome. The committee has before it submission No. 351. Are there any changes you would like to make?

Prof. Gardner—No.

CHAIR—The committee prefers all evidence to be given in public, although the committee will also consider any request for all or part of your evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

Prof. Gardner—The University of Queensland welcomes the opportunity to contribute to the ongoing debate about the proposed reforms to higher education. We also welcome the fact that there has been additional funding promised to universities in relation to these proposed higher education reforms. I would like to address three issues: funding; the requirements related to accessing increased funding under the Commonwealth Grant Scheme; and students and their contributions—that is, fees and charges, learning entitlements and scholarships.

I will begin with funding. The University of Queensland is very pleased that there is a move to replace marginally funded overenrolled places with fully funded places. However, we have some concern that there will be insufficient places to meet the demographic demands that are particularly felt in states such as Queensland, given the growth it is experiencing in the relevant age cohorts who wish to have access or aspire to have access to higher education.

In terms of funding, we are pleased that there is consideration of increasing the amount under the Commonwealth Grant Scheme, but I wish to say something about the requirements that are related to that increase. Also, the University of Queensland, as with the GO8 in general, is of the view that it would be better to be able to vary student contribution levels, and that does not seem to be possible under section 90(2) of the current legislation. We welcome the opportunity for increased funding but we are concerned that there may not be sufficient government funding to allow universities to maintain the quality of their offerings and the access to higher education for a broad range of students.

Regarding the requirements in relation to funding and, in particular, access to the Commonwealth Grant Scheme, the university is sensitive, as are all universities, to the need to be accountable for government funds, and we welcome and comply with accountability measures. However, we are concerned that the requirements in relation to the national governance protocols and the recently announced higher education workplace relations requirements do not seem to be directed in a way that will deliver benefits to the system. They seem to be requirements that are not of a sort that we believe should be tied to an increase in the Commonwealth Grant Scheme.

I particularly wish to mention the national governance protocols. We have no problems with the majority of the national governance protocols, as senators would be aware. The University of Queensland has the largest governing body among Australian universities. There is no evidence that we are poorly governed. Indeed, the evidence is to the contrary. We do not believe that specifications on the size and composition of the governing body will necessarily improve governance. Therefore, we question that level of specificity in those protocols.

I note that research on private sector boards was recently reported in an article by Greg Hywood in the *Sydney Morning Herald*. It pointed out that research by two academics—Carter and Lorsch, if my memory serves me correctly; one from the Boston Consulting Group and one from Harvard—indicated that there was evidence that governance improved where there were numbers of people who were intimately associated with the nature of the business. It would perhaps be uncomfortable if private sector boards moved to recognise that larger numbers of both externals and internals were appropriate for effective governance when we were constrained to move in the other direction.

Let me say something about the higher education workplace relations requirements. It appears on their face from the recent announcements that these are mandatory requirements. We would only say that universities have increased their productivity quite dramatically in recent years. They have demonstrated innovation and flexibility, most notably in their increase in international enrolments. They have virtually no industrial action and salaries have moved in line with national wage movements. It is not clear what the requirements are attempting to deliver in terms of higher education.

We welcome the proposal for increased indexation. We wish it were higher, as in the opposition's package. We are not sure that the requirements, particularly in relation to some aspects of the national governance protocols and higher education workplace relations requirements, are such as to improve the governance or internal management of universities.

Moving to students and their contributions, as I said at the outset, we believe that universities should be able to vary HECS charges to groups of students to ensure equity of access. We believe that the current legislation prevents this. We welcome the recent changes to allow scholarships for fees or HECS waiver not to count as income in relation to the social security income tests since this assists us in providing scholarships and therefore in helping with access. We also support the announcement of additional loans for students wishing to study offshore. While in general the university and its colleagues in the Group of Eight have not opposed the learning entitlement, I wish to note that it is liable to be administratively expensive to implement, it may well cause a significant change in the behaviour of students within universities and it operates within relatively tight limits to move more students to full fee paying places when they had initially gained HECS liable places. I believe there are some questions to be raised in relation to that. I will close on that point.

CHAIR—The University of Queensland is doing extremely well. From my analysis of the available statistics, of 40 universities you are in the top four in the country sharing 50 per cent of the total operating surplus for the whole sector. If we look at it in terms of your revenue and operating costs, your operating margins or your enrolments—if we look at any measure—you are one of the top universities in the country in terms of performance yet you are highly critical of this package. You are a big winner under it, but you are highly critical of the package. You

have suggested to us here, particularly in regard to the governance issues, that there is unnecessary intervention. You have also indicated strong criticism of the industrial relations issue. Given the level of growth in the system, in your expectation would Queensland have to fund a disproportionate level of full fee paying students under this system?

Prof. Gardner—That depends on the distribution and the way the new places are distributed in the first instance, and we are yet to see the detail on that. I think it depends on how they are distributed. They could be distributed in ways that do not recognise the demographic growth in Queensland and that would then definitely cause a significant shortfall in Queensland. It is possible that there will still be some shortfall in Queensland in some areas.

CHAIR—I have a speech here from the then secretary of the department, Dr Shergold, highlighting that in demographic terms Queensland has the strongest demand for places in the country. The Northern Territory might technically be higher, but in terms of its numbers it is not significant. There is no growth funding in this package on a demographic basis. All the growth will come out of fee paying places. Is that not the case?

Prof. Gardner—There is the question of how the places that have moved from marginal funding to full funding will be distributed, and that is a matter for discussion. But beyond that, there is liable to be a shortfall in growth in Queensland, yes.

CHAIR—Therefore, I put it to you that this has huge implications for the inequity between the states.

Prof. Gardner—There are certainly implications for inequities between the states.

CHAIR—Given the nature of the way that places are currently divided—and that is unlikely to change—Queensland will carry a disproportionate share of students who are full fee paying. If you want a place at university in Queensland, it is more likely you will have to pay full fees to get one.

Prof. Gardner—Unless there are measures to address those demographic changes, there will be inequity of access between the states.

CHAIR—I have some information from the University of Sydney—another GO8 university and another big winner in this package—suggesting there are obvious deficiencies in the package: voluntary student unionism; an overly tight straitjacket for the distribution and redistribution of government subsidised places; an excessive degree of control inherent in the discipline mix; gross intrusion in the university's autonomy, academic freedom and student choice; a totally illogical link between increased funding and ideological components of industrial relations and unduly formulaic changes in governance; and a failure in terms of indexation. It goes on to say:

The proposals in this package are not sustainable in the medium to long term and there will continue to be an inbuilt degradation factor and an ongoing need for episodic injections of additional funding.

Do you agree with that sentiment?

Prof. Gardner—I have indicated where there are aspects of the things that the University of Sydney say that we would also regard as requirements that we would not support. I do not know that I would agree with every word and every syllable.

CHAIR—I take it you have read the legislation.

Prof. Gardner—Yes; I would not claim to be able to quote it in detail.

CHAIR—That is fair enough. We have only had it since Wednesday as well, so we would not claim that either. As a matter of fact, a few of us should be able to claim that. Clause 30-25 goes to the new contracts the government wishes to impose on universities. Are you familiar with that clause?

Prof. Gardner—I could not quote it to you.

CHAIR—The conditions go to matters relating to the number of students you can enrol, what they can do, how long they can stay, and what conditions the staff will work under. In fact, in other parts it goes to the nature of research being undertaken. Do you think this is consistent with our understanding of universities as autonomous, self-accrediting institutions?

Prof. Gardner—The way those particular requirements are placed on universities in terms of their profiles and the way they are negotiated are of great interest to the sector, because they have the potential to be extremely regulatory and relatively intrusive into the way we shift things around. People do shift things around inside universities to meet demand and basically to reflect new directions, but we have not seen them in operation; we can only speculate.

CHAIR—Professor, some sections of the vice-chancellors committee asked us to pass this legislation without understanding its implications. Are you telling me that you understand its implications?

Prof. Gardner—Usually, no-one understands the implications of any package of legislation, in my observation, until five to 10 years out. That is the nature of all legislation, because you cannot see the unintended consequences. We can only speculate on some aspects, as we do, that if this is implemented it looks like there may be significant administrative costs or there may be significant implications for universities. People have said that about those measures of internal regulation, but the truth will be in how they are implemented.

CHAIR—What will this clause do for your autonomy at the University of Queensland?

Prof. Gardner—It will depend on how it is implemented. If it means that we have discussions on an annual basis with DEST officers about the details of our profile, we could be very slow to change. We can think of past eras when that has been the case, and universities objected to it then—I am thinking back to CTEC.

CHAIR—What would that do to your capacity to meet local needs and to be responsive and flexible and all the jargon that we are told we now have to measure our success against?

Prof. Gardner—What I was attempting to convey in my opening statement, in part, was that universities have been flexible and responsive and have moved into new fields, and I think they do attempt to address their local communities. If I remember correctly, some two to three years back there was DEST research indicating that, with reasonable lags, universities are very responsive to demand. My memory is that Karmel did that research inside the department. I think that is true.

CHAIR—Mr Karmel—my favourite researcher. Obviously the government has some concerns about him.

Senator STOTT DESPOJA—You are his favourite senator.

CHAIR—That is right. Professor Gardner, in your judgment why is this particular intervention necessary? I take it that when you say it is unnecessary intervention, you are saying we could strike out this clause without any trouble.

Prof. Gardner—If I were to stand in the position of a DEST officer, I would say that if I changed the funding rules I would want to have some way of discussing with universities and trying to work out the unintended consequences of making a change in funding rules and seeing how they may respond. I am anticipating that there would have to be some discussion; it is just the nature of the detail and the intervention that is of concern. We have to be accountable for government funds, and we would expect to have some discussions.

CHAIR—I would be the last person in the Senate to be arguing that you should not be accountable. I am wondering whether or not this radical departure is supported by your university.

Prof. Gardner—No.

CHAIR—Thank you.

Senator TIERNEY—We probably have three paths before us: the bill does not go through and we stay as we are with all the current arrangements, the bill goes through with this new package, or some day Labor gets elected and its policy goes through. In terms of your university, what would deliver the best outcome of those three alternatives?

Prof. Gardner—To speculate on the existing packages is one thing. What I can say is what the university has said. The university believes there is a need for additional government funding. I know that at one level this sounds boring, because all sorts of groups say there is a need for more government funding, but I think there has been a movement in government contributions to higher education in Australia that indicates there is now a need to consider that.

Senator TIERNEY—That is in the package.

Prof. Gardner—Any package that addresses that to some extent is better than having no increase in funding, but there are always questions about how that is delivered, with what requirements and whether the additional funding comes with requirements that either increase

inequities, increase internal administrative costs, complicate management or prevent movement forward. Those are all the issues that are being debated.

Senator TIERNEY—The package does give greater flexibility for the University of Queensland.

Prof. Gardner—It does in terms of fees and charges.

Senator TIERNEY—Before I get into that more broadly, I want to clarify a comment you made in your opening remarks. I thought you said that the package would prevent variation of HECS.

Prof. Gardner—If I read it correctly, we have to provide only one tuition fee for each unit of study. The Group of Eight have argued that there should be the ability to vary tuition fees in relation to, for example, two groups of disadvantaged students where you may charge one fee for this group and another fee for the other.

Senator TIERNEY—I see what you are saying. I thought you were saying you could not vary the fees, and of course that is one of the key factors within the package. Your university in particular has the ability to vary fees up to 30 per cent, which gives you much greater flexibility. Are you aware that under the ALP policy, you would not be able to charge fees to students at all?

Prof. Gardner—Yes, we are.

Senator TIERNEY—Have you done any projections on what it would do if funding were thrown straight back onto the government? We had 13 years of that under Labor the last time. I am sure you were a senior administrator in the universities at that time as well.

Prof. Gardner—We do not have a large number of full fee paying students at the University of Queensland and we do not anticipate a massive increase in those numbers. They are not significant in the university's overall budget but they are significant in the budgets of particular organisation units. Indeed it is true, as with a number of our GO8 colleagues, that without that capacity in some of those units and without significantly increased funding we do face great difficulty.

Senator TIERNEY—I was a little disturbed by your comments on governance and on IR. I thought it was a 'peace in our time' approach—'let's not rock the boat'. Wouldn't the university operate more effectively and efficiently with a governance structure that more reflects the very big business that the university is in many ways? At least you would open the door to things like AWAs if staff wanted to do that.

Prof. Gardner—Can I start with the governance issue? As I have said, we have a very large governing body. It works incredibly well.

Senator TIERNEY—But couldn't it work better, though?

Prof. Gardner—Let me tell you what I think it delivers. We have a large number of externals. If we got down to a smaller number, we would have less. They provide significant input into a

whole range of committees that sit below governing bodies. There is a tendency to equate university governing bodies with private sector ones by assuming that they have just a finance and an audit committee when in fact they have an extensive range of committees where most of the business is considered. The role of the governing body stands slightly differently in relation to its subsidiary committees than would be the case with a private sector board.

Senator TIERNEY—Yes, I understand that; the chair and I are intimately acquainted with this because we have both served on the ANU council for years and we saw—

CHAIR—I still do—with pleasure too!

Senator TIERNEY—I know you do. I preceded you, Senator, and I passed on the baton. I am not saying that the arrangement did not work but I am saying it could work much better. That is what this legislation is aiming at.

Prof. Gardner—There are particular elements of the national governance protocols that the university is quite happy with and its governing body is happy to accept. It is just that size and composition are set in a relatively inflexible way. It is not clear to us that they would produce better governance rather than fewer people to do the tasks that we currently ask the governing body to perform. We are not saying, ‘We should stay only at 35’; we are asking, ‘Why should we be 18’?

Senator TIERNEY—You have 35?

Prof. Gardner—Yes, and it works very well.

Senator TIERNEY—It works!

Prof. Gardner—It works very well, and there is independent evidence that affirms what I have just said.

Senator TIERNEY—Any organisation I have been involved with has gone in exactly the opposite direction and thought that that figure—

CHAIR—Like the cabinet?

Senator TIERNEY—I am not talking about cabinet. There are not very many in the cabinet, Senator; you know that. You know the cabinet is nowhere near that figure, actually. Other organisations have tended to reduce it.

Prof. Gardner—I am not saying that 35 is a magic number; I am saying that it actually works extremely well.

Senator TIERNEY—You would be the only university to have that.

Prof. Gardner—We are, that is what I said.

CHAIR—All the big universities around the world have that, though.

Senator CROSSIN—They are the fourth-best university in Australia.

Senator TIERNEY—In Australia, no-one else would have anything like that.

Prof. Gardner—No, that is true. As I have said, I am not saying that 35 is a magic number, either. I am just saying that you cannot make a judgment about what the actual number should be because there is a question about the balance of external expertise. We have a huge number of people from the community with financial expertise and legal expertise. We have two politicians who contribute significantly to our governance.

CHAIR—That is very good to hear too.

Prof. Gardner—Both parties are represented.

Senator TIERNEY—Yes; that is very wise.

CHAIR—Are you saying it would be a bit of a struggle?

Prof. Gardner—I am sorry?

CHAIR—Both parties being represented.

Senator TIERNEY—Just ignore the distractions, Professor. I move on to another topic. I raised it—

Prof. Gardner—I can go back to the AWAs, if you like.

Senator TIERNEY—That is what I meant. Again, I have a sense that it is a ‘peace in our time’ thing: let’s not disturb the unions and let’s just go on as we always have. I think universities lose a great opportunity there, because the world is moving in another way; away from closed shops. We are not saying that AWAs have to be offered to everyone. That would create a lot of disruption. But what on earth is wrong with this very minor suggestion in the policy that it be available to any staff member who wants it? What on earth is wrong with that?

Prof. Gardner—Let me come back away from the AWAs. Firstly, the university is not a closed shop. Secondly, the university rates of pay are not—in the old sense of what we might call them—paid rates. So we offer people, as you know, over and above on an individual basis. People who are covered by a collective agreement—

Senator TIERNEY—What percentage of the staff would have that?

Prof. Gardner—I did have the numbers. People who hold management positions of some sort tend to have those loadings, of course. If you take them out there is another couple of hundred in that category.

Senator TIERNEY—Out of a staff of what?

Prof. Gardner—I am talking academic staff, at this point. We have a staff of about—I should have it on the top of my head. This is really awful, I normally have this in my head and it has just gone completely blank.

Senator TIERNEY—Take your time with this.

Prof. Gardner—It is ridiculous. It is a number I usually have in my head and for some reason I have just lost it—looking at you and talking about this. It will come. We have a total staff—

Senator CROSSIN—Senator Tierney has that effect.

Prof. Gardner—That was not meant to be rude. I am much more nervous than I would have expected, which is causing a mental breakdown on numbers. I have them here but I just cannot find them. I have every number except the one I need. We have about 5,000 staff overall—the majority are general staff. There are about 2,000 academic staff.

CHAIR—These provisions would apply to all employed staff, whether general or otherwise or whether working on an ARC grant or otherwise. They are all employees of the university. That is true, is it not?

Prof. Gardner—Yes, it is. All I was trying to say, in terms of the numbers I just quoted, is who would get payments beyond the management staff. There are a couple of hundred there.

Senator TIERNEY—Our point is, if they wanted the option they could have the option. That is the intent of the legislation.

Prof. Gardner—The point about that is, if we want to offer them beyond what is in the collective agreement we do. That is what we have chosen to do.

Senator TIERNEY—Yes, but that is not open to all staff, is it?

Prof. Gardner—Yes, it is.

Senator TIERNEY—If someone is a tutor, you would not go offering them above the standard award, would you? Just your base tutors in the organisation.

Prof. Gardner—But are you suggesting to me that in an AWA we would?

Senator TIERNEY—No, what I am suggesting is that they have the option of having an AWA, if they wanted.

Prof. Gardner—We have, as I say, individual contracts, and we have them with a number of people. AWAs are administratively rather time consuming. There are indeed efficiencies in collective agreements. We can offer people above what is specified in the collective agreement and we do, where we chose to. We are not constrained in that way.

Senator TIERNEY—But then you are constrained across the system because of pattern bargaining. When one university comes out with one particular set of pay changes, it then has

this knock-on effect across the system so the university does lose control of it, in that sense, because of the effect of pattern bargaining. You lose flexibility.

Prof. Gardner—With respect, that is just the nature of any bargaining in any sector. It does not matter whether you are collectively bargaining or whether you are in fact setting wages. My observation is that executive remuneration, which typically works against benchmarks that are set against what movements there are in remuneration of other executives, also works on a comparative wage justice basis. It asks: ‘What are we offering for CFOs in our industry?’ And then we say, ‘All right, we need to be in that broad ballpark.’ Effectively—

Senator TIERNEY—But it is moving against the total trend in the last 20 years, which is more towards the workplace agreement. That is the trend. I know the Labor Party does not like that but that is where the trend is.

Senator STOTT DESPOJA—Professor Gardner, I just want to tease out your comments and the comments in the submission from Professor Rix regarding the issue of HECS and fees. You mentioned in your opening statement—and Senator Tierney asked you about this—the notion of the option to vary the HECS funding. I want to find out exactly what you mean by that and the motivation behind it. In the submission you say:

We believe that if institutions are to be given the freedom to determine their own student contribution amounts within set limits, then they should also have the freedom to vary the amounts charged to individual students. Variations in student contribution amounts would have an effect on institutional income, not on public expenditure, so there is no budgetary justification for central regulation which limits the flexibility of institutions to respond to local community needs.

The whole intent behind deregulating student contribution rates, within set limits, is to make institutions more responsive to community needs.

Are you talking about the desire to vary individual contributions so that you can deal with students who may have hardship or for whom it may be more difficult, or are we talking about institutional income? When you talk about preferred variation I wonder how much more variation you want in terms of charging fees than what you have got under this package.

Prof. Gardner—This has not been discussed in detail but the broad notion behind it was that there would be an ability—perhaps ‘individual’ is going too far—to be able to vary for groups. You might charge one group one HECS charge on the basis of, for example, socioeconomic background compared to another group. We apply those sorts of tests obviously in offering scholarships and you might argue that that is one way of doing it now, though it was not apparent that one could do that at the time that this was written. It is also possible that one might want for demand reasons to offer the same course at that HECS band rate on one campus and at another rate on another campus.

Senator STOTT DESPOJA—I see. When you say it has not been discussed in great detail I was wondering whether you had a proposal that talked about, firstly, how you would determine who was eligible for a certain rate—

Prof. Gardner—No, we have not gone to that level of detail—

Senator STOTT DESPOJA—There are no specifics on what rates would be charged?

Prof. Gardner—No, because we have not yet ourselves made a decision on what is proposed at the moment. The university has not yet had that discussion at governing body level.

Senator STOTT DESPOJA—Thank you for clarifying that. I thought it was an interesting comment to make not only in the submission but also in your opening statement to register it as one of the three factors that you have addressed today. When we are talking about variation on HECS charges I would assume that the possibility of charging up to 30 per cent extra was probably a variation that had gone quite far.

Prof. Gardner—It is not about that. It is the ability within that unit of study, as I said, for the same group of students. At the moment you are setting a rate—

Senator STOTT DESPOJA—Which is the standard rate. You mentioned that this had not been discussed at your governing body which, to Senator Tierney's shock and horror, comprises 35 people. What discussions, if any, have taken place at council or the senate regarding this package? In particular, has your council considered the governance proposals? Does it have a view on the governance proposals—their appropriateness or otherwise?

Prof. Gardner—The university recently held a special meeting of the senate which discussed a number of issues, including some aspects of the implications of this reform package. At that meeting there was not much discussion of the national governance protocols, although there was discussion immediately following the announcement of the package at the governing body level. It is fair to say that senators—as they are called at our place; it is actually called the senate—have indicated that they wish to have a quite lengthy debate about this particular issue before they formulate a position. I would say there is not a single position of the senate on this.

Senator STOTT DESPOJA—That is like our Senate—there is no single position. There were no votes taken, though; you are talking about further consideration.

Prof. Gardner—No, there has been no vote; there has just been discussion of the issues, what the implications are and what that implies for the university's forward strategy. There have been no decisions made.

Senator STOTT DESPOJA—When is your next meeting at which this will be discussed?

Prof. Gardner—The next meeting of our senate is on 10 October.

Senator STOTT DESPOJA—We touched on fees and charges, but another aspect of this debate which seems to be a glaring omission from the legislation and policy is the issue of student income support. Does the University of Queensland have a policy position on income support as a broad issue or specifically in relation to this package?

Prof. Gardner—On its own, and indeed quite vigorously through the Group of Eight, the university has made significant representations about the whole scholarship issue. That is why we were pleased to see that a fees and HECS waiver was in fact not going to count as income in relation to the social security income test. We regard that as quite important. We recognise the

complexity of the social security system and the difficulty of trying to balance people's ability to earn income in one sector against scholarships in another. But it is certainly true that we are concerned about the level of income support available to students, particularly disadvantaged students.

I can speak from personal experience. Quite recently, when we advertised the merit equity scholarships that the Group of Eight put up, with no advertising we had 200 applicants—these are first-year applicants. When we came to short-list and we were down to a small number it was the most harrowing experience, because we had huge numbers of students. They were OP1, if you understand that entry score; it is the highest entry score. We had more than one OP1 and we were attempting to distinguish between them—it was nearly driving us all mad trying to work out on what basis you decide that this person gets it as opposed to that person. They were all on full youth allowance. I am not talking about the independent full youth allowance; I am talking about 17-year-olds on full youth allowance, dependent on their families. I know people think that the Group of Eight universities have only students who are well-heeled. It is certainly true that we have significant numbers from private schools who are perhaps able to cope with fees, but we also have significant numbers of exactly those students I referred to.

Senator STOTT DESPOJA—I have one final question. In the submission there is a reference to international students. Is the university disappointed with the Senate's decision to increase visa rates for overseas students as well as the cost for registration?

Prof. Gardner—There are certainly some concerns about international students. As I said, universities have been extremely successful in this arena but it is a highly competitive arena and there is plenty of evidence to suggest that Australian and New Zealand universities have, pound for pound, been the most competitive and the effective in the market of universities around the world. It does not take much to damage one's abilities in a competitive market, and it is a market that is very sensitive to price.

Senator STOTT DESPOJA—Should we be revisiting that decision?

Prof. Gardner—Yes, I think it could do with some looking at.

Senator NETTLE—I want to go back to the workplace relations regulations that were announced yesterday. In part they state that working arrangements and practices at universities are to:

... not place limitations or restrictions on the forms and mix of employment types, for example, limiting casual employment levels ...

I am wondering if you have any comment on the university's capacity to limit the number of casual positions at university and the implications that has for quality for students—that is, casual staff not being able to be there and available at all times for consultation.

Prof. Gardner—I should preface my answer to that by saying that—and I could ask NTU colleagues to verify this—the University of Queensland has one of the lowest levels of casual employment in its employment mix of any university in the country. We are not intending to

increase that significantly. Do I believe that we should put some sort of formal limit in? This is not asking for that; it is asking us to do what we currently do.

Senator NETTLE—This is saying you cannot put a limit in.

Prof. Gardner—We would not put a limit in. We are doing well, organised as we are now.

Senator NETTLE—How do you feel about the fact that these regulations do not allow you to make those determinations about your mix? I will just read it out again. You are not allowed to ‘place limitations or restrictions on the forms and mix of employment types’. Then it gives the example of casualisation. But it is a general statement to say that you cannot alter the forms or the mix of the employment.

Prof. Gardner—As I understand that requirement, that would really be saying that we should not write into our enterprise agreements something that says we will have no more than six per cent casual employment or we will maintain our casual employment levels at the level that they are at now. The university would not be seeking to do that in its enterprise agreements anyway.

Senator NETTLE—I want to get back to comments that you made in your opening statement in relation to learning entitlements. You said that you thought it had the capacity to move students to full fee paying places. I am wondering if you have any further comments on that, particularly in relation to another comment you made earlier about there not being broad access for a range of different students in terms of their capacity to have ongoing study beyond the learning entitlements.

Prof. Gardner—As I understand the way the learning entitlement will operate, when you have used up your learning entitlement—which is X years beyond the normal duration of your program—then you would have to move to a full fee paying place or in fact cease until you were able to re-establish an entitlement, perhaps at some later point. So, yes, it would have the effect of doing that for those students who are unable to complete within that time frame. The impact of that will require a projection on the current progression rates of students to indicate what is liable to happen to students, university by university, in relation to that entitlement. That is what I understand. We have not made those projections yet, because we have only recently got some indication of what they would be.

I think the monitoring of learning entitlements will be quite a significant issue. Students do move, not merely between programs but between universities, and that will require quite a fine-meshed understanding of what their learning entitlements will be so that they can be administered effectively. That is not going to be an easy thing to do. It will be administratively quite difficult. It will certainly be a major change for students, and it will, I expect, have two effects. You would expect that it would focus people on finishing within the required time in order to avoid moving to a full fee paying place. That is one thing. You might argue that that is a positive. On the other side, it will probably also incline them to be very concerned about anything that will cause them to slow down their progress, such as failing units. I expect that there will be a change in behaviour associated with that as well.

Senator NETTLE—In relation to the administrative cost for the university of implementing the learning entitlements, what if any information have you got from DEST to assist the

university to budget for any planned increases in administration that will come from implementing learning entitlements?

Prof. Gardner—We obviously do not have as yet any definitive advice. As I would understand it, I presume the way the learning entitlement would be managed is being discussed in part in relation to the discussions on the higher education information management system and will have to be discussed in more detail. But, no, as I understand it, we do not have an indication of that that would allow us to understand that at the moment.

Senator CROSSIN—Professor, you mention in your submission the impact on students and the contribution students will now need to make towards education. You say:

Students taking up full fee paying places in almost all cases also have the option of taking up a publicly subsidised place in a less-preferred course.

Does the university have a view, where a student takes up a full fee paying place and then applies for the loan, on whether or not there should be an interest charge on that loan?

Prof. Gardner—I would have to say that the university does not collectively, if you like, have a position on that at present. I would only really be able to give you a personal opinion, and I do not think that is what I am here for.

Senator CROSSIN—I want to also make a quick comment about the 35 on your governing council. As the chair pointed out, you were the fourth-best university in the country—

Prof. Gardner—And third on some measures, yes.

Senator CROSSIN—So size has nothing to do with quality. Is that what you would be putting to us?

Prof. Gardner—Yes. I do not think there is a direct relationship at all.

Senator CROSSIN—Finally, Senator Tierney raised the issue of pattern bargaining. We do note that this federal government have had a workplace reform program operating in your sector, where they required universities around the country to take nine out of 12 items they specified and put them in their enterprise agreements. One could perhaps argue that that is a government-driven pattern bargaining exercise. I understand that most universities in Queensland are now well into bargaining for their next round of enterprise agreements.

Prof. Gardner—Yes.

Senator CROSSIN—Do you have any comment on what you think yesterday's announcements will mean for these current negotiations?

Prof. Gardner—We all have on our agendas the reforms sitting there as a yet undiscussed item. It will mean this: we are going back, looking at these requirements, assessing what they mean, checking what they mean for our enterprise agreement and then seeing where we might need to make changes or what things we might need to raise. I cannot speak definitively about

the individual arrangements or about how the suggested clause will be received by the unions—but I suspect not well. Therefore, this will be another issue for bargaining. We will have to bargain these issues as well. As I said, we do not have any problem with individually-varying rates of remuneration. We do not even have a problem with people having individual contracts. AWAs bring us into a certain level of administration, and just from that point of view they are not desirable where there are large numbers of staff. We are a big institution, as I said once I got over my panic about 5,000 staff. We are not sure whether AWAs are of any great assistance to us.

Senator CROSSIN—Given you are not convinced on the government’s requirements and given that AWAs are something that I take it the university is not interested in, might the university just set aside this whole part of the package and say: ‘We’re not going to bother about this. It’s not worth the fight, it’s not worth the trauma. We’ll leave that money aside’?

Prof. Gardner—Unless we were directed as a management to pay no attention to that funding—that is, unless we were at governing level told not to do so—then we would be irresponsible as managers to effectively leave aside the ability to provide money that, despite what you say about our financial position, is very much needed inside the university.

CHAIR—I am yet to know a vice-chancellor who has turned money down.

Prof. Gardner—No.

CHAIR—It is true. I am not being facetious; it is a statement of fact.

Prof. Gardner—So we would be irresponsible not to do that. Indeed, I will be required to bargain to try and—

Senator CROSSIN—So your hand will be forced up your back basically by this government?

Prof. Gardner—I will have to bargain to try to get us into a position to obtain that money, yes.

CHAIR—Does the university support real rates of interest on fees?

Prof. Gardner—I think I answered that earlier. I said that the university does not itself have a stated position on that, so I could only give you a personal one.

CHAIR—What is your view?

Senator STOTT DESPOJA—Do you support the AVCC position, for example?

Prof. Gardner—I would have to say that I am not in favour of real rates of interest on fees.

CHAIR—Finally, there is very little money in this package for two years. You are buying a lot of ideological battles for two years. Do you really think it is worth the candle?

Prof. Gardner—The universities need additional funding—there is no way around it—and it is not just because everybody asks for extra government money. There are needs for positioning

the country in terms of its ability to both educate and research in key areas, and we are increasingly unable to do it. We are doing it based on cross-subsidising, and that is becoming increasingly difficult and tenuous. So we are in favour of having additional funding, and we would therefore not, I guess, look a gift horse in the mouth in that sense.

CHAIR—So the crisis is now so great that you are prepared to do just about anything?

Prof. Gardner—No, we are not prepared to do just about anything. That is why we are raising concerns about aspects. But, as we said in our submission, we are in favour of getting needed additional funding from the higher education sector.

CHAIR—The current HEFA has money for next year. Why does this legislation need to be rushed through in your judgment?

Prof. Gardner—I do not think I have been asked whether the legislation needs to be rushed through.

CHAIR—I just have.

Prof. Gardner—I think there are a number of issues to be discussed, but the problem with not having certainty is our ability to plan for the future. We actually need significant time frames to be able to communicate with students and prospective students about what will be happening, and that is now a significant tension for us.

CHAIR—What difference does it make if the money is there in the HEFA now for another year? There is effectively no new money in this package for two years. What difference does another year make?

Prof. Gardner—We currently are facing—as, I am sure, are all the other universities—significant questions from prospective students about what they are going to be charged and what the regime is going to be, and we need ourselves to make decisions about how we will accommodate any changes. We need a reasonably long lead time to do that so, if delay means that suddenly something appears quite quickly, we have got really significant problems. There are big planning frames engaged in making the sorts of changes we are talking about in universities.

CHAIR—Thank you very much.

Proceedings suspended from 10.49 a.m. to 11.13 a.m.

HAWKE, Mr Ian Lindsay, Director, Office of Higher Education, Queensland Government

SMITH, Mr Kenneth John, Director-General, Education, Queensland Government

CHAIR—I call the committee to order and welcome representatives of the government of Queensland. We have before us submission No. 445. Are there any changes you would like to make?

Mr Hawke—No.

CHAIR—The committee prefers all evidence to be given in public, although the committee will also consider any request for all or part of the evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

Mr Smith—There are six areas within the government's submission that I want to briefly comment on. The first area relates to the allocation of government subsidised places. I am sure that the committee will not be surprised that the Queensland government believes the growth that is occurring within our state, as well as the proportion of the nation's growth that will occur in the critical 15 to 24 age cohort over the next decade, requires some specific attention by the Commonwealth. The growth in that 15 to 24 cohort will account for approximately 46 per cent of the nation's growth. There is also a need to have regard to historical patterns of access to higher education in Queensland. A significantly lower proportion of Queenslanders hold bachelor or higher degree qualifications, so there is a backlog issue—as well that growth issue—which we believe needs to be taken account of.

The second area in the government's submission is that we believe it is important to ensure that there is proper evaluation of any reforms and that that evaluation be undertaken in a way which is independent and contestable. We are pleased that recommendations we put forward with respect to regional loadings, particularly the acceptance of external student load for the regional universities, have been picked up by the Commonwealth in the most recent announcement, which accepts that regional loadings would also include external student load. With respect to governance and industrial relations, the Queensland government believes that both of those issues within the package are counterproductive. In particular, there needs to be a focus on educational outcomes, the quality of educational outcomes and the quality of business processes to actually support those outcomes, rather than a focus per se on those two issues of governance and IR.

With respect to the scholarship provisions, again because we have a very highly regionalised population, a decentralised population, in Queensland, where over 50 per cent of the population do not live in the state capital and where we also have pockets of major socioeconomic disadvantage—including, now, the second-largest Indigenous student population in Australia; at school student level, about 25 per cent of the nation's Indigenous students are within the Queensland system—we believe that the scholarship provisions require major enhancement. There are some real concerns about the capacity of the scholarship provisions to deal with some recent declines in Indigenous access to higher education, which is of great concern, as well as to

understand the additional costs associated with rural and remote isolation. A concern has also been raised about the intersection between any scholarship packages—whether they be central packages or, essentially, packages that might be provided by universities—and both the tax and the income support provisions. That intersection has been raised by ministers at a national level.

The final issue is international education. The government has concerns about the imposition of some of the new fee regimes, particularly given the importance of growth in international education, the capacity of the higher education sector to continue to grow in a quite vigorous environment and the other quality assurance arrangements that already exist within the higher education system. We have some real concerns about the impact on universities of some of those cost increases.

CHAIR—Thank you very much for your submission. It is a very strong submission. You have indicated that you welcome the acknowledgment by the Commonwealth that Australian universities are underfunded, and I am sure they would appreciate that positive remark. The rest of the submission does seem to suggest that you are concerned about the overall directions of the package. I will deal with some of the concerns. First of all, how much Commonwealth funding for demographic growth is there in the package, in your judgment?

Mr Smith—There is concern. There is obviously some small growth in the outer years. As I mentioned, the concern is Queensland's allocation of any of that growth, as outlined in the package. Recently there were announcements about new nursing places and new medical places. Queensland received about 21 per cent of those places. Obviously that is broadly in line with our population share, but it does not really deal with the backlog issue, nor the growth issue.

CHAIR—I put it to you that, because there is so limited, or only modest, aggregate growth in funded places for demographic change, there are quite significant implications in terms of the inequality between the states with this package, especially as Queensland will have to bear a disproportionate share of students who will be required to pay full fees. Would you agree with that?

Mr Smith—There is real concern with the potential inequitable arrangements that could come out of this package—particularly given both that backlog issue and the growth issue—that, as our participation levels improve in terms of access to higher education, if we do not get additional subsidised places there will be a greater propensity for people to have to pick up the places that are full fee for service places.

CHAIR—Have you looked at the constitutional issues with regard to discrimination against Queensland in this package?

Mr Smith—No, not specifically.

Mr Hawke—No, we have not.

CHAIR—Would you be prepared to take a question on notice to that effect? Are there, in your judgment, any constitutional issues about the discrimination against Queensland in this regard? Secondly, with regard to section 96 and Commonwealth grants, since conditions are now being

imposing on areas of state activity outside Commonwealth funded parameters, would you be prepared to have a look at that for us?

Mr Smith—We can obviously take those questions back to people within government.

CHAIR—Can you see if there is any further advice you can tender to the committee in that regard? With regard to the industrial relations component, it has been put to me that the current guidelines, as proposed by way of press release yesterday, require legislative support. Would you agree?

Mr Hawke—As I understand it, the expectation of the sector was that the industrial relations provisions that will be the basis on which \$404 million is allocated would form the basis of a fourth piece of legislation that would come before the federal parliament.

CHAIR—That has clearly changed now. The government intends to do it by regulation, which is obviously a disallowable instrument. Have you had a look at the legal implications of that provision? In your opinion, does it actually require legislation or is it a matter that can be dealt with by a disallowable instrument?

Mr Smith—We would obviously need to seek further advice on that particular issue. The position of the Queensland government with respect to the tying of additional funding for universities to those IR reforms is quite clear in the submission that you have received.

CHAIR—Yes, I can appreciate that, and that introduces my next question. I have not yet read a state submission—not one—that supports the government’s provisions or the IR provisions. It may well be argued that you could run a constitutional or other legal challenge with regard to the legal basis of the IR proposals, but what cannot be argued is that the government’s issues are state issues, which is the point of your submission. Are you proposing to change legislation in this state to comply with this component, given your strong opposition to it?

Mr Smith—Obviously, we would need to look at that issue once we know what the federal government’s proposals are.

CHAIR—I take it you have now read the Commonwealth bill?

Mr Smith—The three bills?

CHAIR—Yes. The particular clauses that set out the conditions for grants are quite explicit. Have you read them?

Mr Smith—We are generally aware of that. Ian was involved in the briefings last Thursday. Again, we are not in a position to understand the implications of the three bills in great detail. On the IR issues that you specifically asked about, we have now seen the announcements by Minister Abbott and Minister Nelson yesterday. In terms of how the Commonwealth proposes to take those forward by way of regulation or legislation and any impact on state legislation, we would need to work with the universities as the prime employing bodies and see what, if any, implications that had for state industrial relations legislation.

CHAIR—I appreciate the point you make, but I am concerned about the governance questions, which will require a legislative response by the states. It is not something that can be exercised by executive fiat; it will require a legislative response. The MCEETYA protocols that you are currently entered into, following the last MCEETYA meeting, only say ‘best practice’. In my long experience of watching Commonwealth-state relations, the concept of best practice is open to a wide variety of interpretations. I read your submission and you are explicitly opposed to that condition. My point is: what are you prepared to do about it? Are you prepared to concede on that issue and therefore are you prepared to change the relevant statement?

Mr Smith—We would be consulting with the universities because, if they were going to be subject to any financial penalties as a result of not changing governance arrangements, then we would need to consider their position—

CHAIR—I am assuming this passes the Senate, of course.

Mr Smith—Yes. I have to say, from a personal point of view, that the legislation in Queensland enables me, as the director-general with responsibility for the Office of Higher Education, to have personal representatives on each one of the governance committees. So, without getting into any issue of conflict of interest, the issues with respect to university governance arrangements and the size of the university senates or governance boards are, from a government point of view, very much related to individual negotiations between the universities and their legislation.

Basically our concerns are that this is very much an input driven measure to define a number as being a maximum number for a governance arrangement and that it does not bear any relationship to what evidence is available to us about what good governance arrangements might exist at different universities. I know you spoke to Professor Gardner from the University of Queensland Senate. I happen to sit on that senate. It is the largest governance body in the nation, both financially and in a management sense. That university, I believe—even though I am close to it—runs very efficiently. So the relationship between that issue and the magic number of 18 fails us in terms of understanding why those provisions may be so important.

CHAIR—You mentioned the fact that you have representatives on each of the councils in Queensland. In many other jurisdictions, parliament has representatives which provide advice to and from parliament in terms of the councils. I take it you find having representatives on the councils useful.

Mr Smith—And the parliamentarians who are involved actually find it useful in Queensland. There is a tradition that those appointments are bipartisan.

CHAIR—Why should they change?

Mr Smith—The issue will be: if the legislation is passed by the Senate, and an individual university finds that they do not want to be financially disadvantaged, then the state will need to consider whether, in working with that university, it makes those changes to the state legislation.

Senator TIERNEY—In your submission you comment on independent advice for government. Over the years, federally we have had various structures, like CTEC and the Higher

Education Council. This government actually considered a higher education council and decided not to go ahead. Given the varying models of how to do that, and that experience, what would you suggest as an independent advice structure?

Mr Smith—Obviously there are a range of structures that will provide advice come what may, whether it is AVCC or ministers. It is important that there is some ability to research the implications of any changes in the funding arrangements. As we know, any changes can have both intended and unintended consequences. Those need to be brought to the government's attention to determine strategies—

Senator TIERNEY—We heard from an earlier witness that it takes five to 10 years to figure that out.

Mr Smith—On some of the equity issues that are raised in our submission—for example, with a very large Indigenous population and with very strong working relationships between the Commonwealth and the state around the Cape York strategy—the issue of development of leadership and opportunities for people in a very isolated area of Australia very much depends upon linking people with higher education opportunities.

Senator TIERNEY—Wouldn't MCEETYA give that sort of advice?

Mr Smith—It needs the information and data to understand what the impacts of the changes have been on different groups of people. It is a matter of charging a particular group with that responsibility. In other areas, that may be a council of educational research; in the VET area it would be NCVER. It is just an issue of making sure that there is some independent overview of the impact of changes on a range of population groups—geographically or by socioeconomic status. The Indigenous issues are quite important in reality for both governments. Education is core to some of the changes that need to occur in the cape—for example, getting people through four-year degree courses for teaching because there are schools in each of those communities. To populate those schools with Indigenous teachers is not just a wish; it is vital to the economic futures of those communities and the individuals within them. Any decline in access by Indigenous people to higher education opportunities raises a real concern about dealing with other structural factors within those communities.

Senator TIERNEY—The last structure we had to do this was NBEET, of course, which had a number of constituent councils. As a member of the opposition at that time, I found it incredibly frustrating that the higher ed council would make a report and it would sit on someone's desk for three months. Then it would get signed off by NBEET and eventually it got to us. It just seemed as though the whole structure did not have much firepower in terms of giving effective advice. As head of a state division—this is why I am asking the question—particularly in terms of the relationship between bureaucracies who also give advice to ministers and these advisory councils, do you perhaps see a way for this to work better than it has in the past?

Mr Smith—I will give you an example from the VET area, where I have had some responsibility in the past for vocational education and training. Some of the work the Commonwealth has done through support for NCVER in producing information on new apprenticeships and driving out access to vocational education and training opportunities provides a good example of evidence being used to guide what has occurred in government

policy and what might occur in the future. They have been very successful reforms in increasing access to opportunities in the vocational education and training area.

Senator TIERNEY—I assume they are well resourced to do that.

Mr Smith—There would be agreement between jurisdictions to establish those bodies and to provide information on key areas. I do not know whether Ian wants to comment on the stats in those areas.

Mr Hawke—I would say that the fundamental criteria for a useful and constructive capacity within the sector to provide evaluations of its progress against a whole range of indicators would be premised on independent advice, capacity to do research and capacity to commission research where specific expertise was needed. There are elements of all of those in the Higher Education Council's brief, as it was formally established. There were certainly elements of that in the former CTEC structure.

How whatever entity performs that role in higher education is then connected with the department and the parliament. It is probably a matter for discussion and resolution by the parliament. But we all feel that there is now a position in the country where there is an absence of authoritative advice and the capacity to do research about the impacts policy change is likely to have on the way the sector is operating.

Senator TIERNEY—Moving on to the area of regional universities and regional development, given that your state has the most distributed population in the Commonwealth and this package has \$122 million in it for regional development of universities, I would just like to turn to the role of the states in that process. Universities are obviously major drivers in their regions. But when you do the financial analysis, particularly in my own state of New South Wales, on what the state governments actually put into universities, while they put some money in, they then take a whole lot of other money out in state taxes and compliance costs. When the university adds it up often their balance with their local state government is actually in deficit. What is the situation in Queensland in terms of support for universities as regional drivers of their economy and the sucking out of a whole series of charges in the other direction?

Mr Hawke—Since 1989, the level of direct contribution from the Queensland government into the higher education sector for capital funding has been \$152.5 million.

Senator TIERNEY—Over how many years?

Mr Hawke—Since 1989—over 15 years.

Senator TIERNEY—Fifteen years. And how many universities do you have?

Mr Hawke—We have seven public and one private and a campus of the Australian Catholic University. That money has been used to enable the establishment of a number of new campuses right throughout the state. In the south, it has facilitated the purchase of an expanded campus for the Gold Coast campus of Griffith University. Among other things, it has funded the establishment of the Ipswich campus of the University of Queensland; a new campus and institution on the Sunshine Coast, the University of the Sunshine Coast; a new campus at Harvey

Bay operated by the University of Southern Queensland; and the presence of the James Cook University in both Mackay and Cairns. Those funds have also seen significant bricks and mortar investment for a number of campuses in buildings and IT infrastructure.

Senator TIERNEY—Over that 15 years, how much has the state government pulled out in various taxes and compliance costs from the universities?

Mr Hawke—I have not got that figure.

Mr Smith—Backing up what Ian has said, I think you would find, though, that in both capital injection and provision of land—those figures will not include the market value of land provided—and, more recently, in supporting research effort and the growth of research and development within the state the Queensland government has played a major role. It has been a bipartisan position within Queensland to not only support the regional universities but support the importance of universities as major employers within communities and as major instruments of social and economic development. We could provide for you full details of the funding by university over that period, including contributions to research activities et cetera, rather than go through them individually here.

Senator TIERNEY—And the charges that come out from government as well. The balance is what we would like to see—in and out.

Mr Smith—But there would be an acknowledgment that the Queensland contribution has been very significant compared with other states and territories.

Mr Hawke—I guess a corollary to that is that the state, at various times, particularly during the nineties, has been so concerned about participation rates in the sector that it itself has funded additional higher education places—during the period 1989 to 1995—on a scale that is probably unprecedented for a state anywhere else in the Commonwealth. I think Victoria did fund a smaller scale program during the early nineties. The level of Queensland's funding over that six-year period was something of the order of \$100 million.

Senator TIERNEY—That is all very good, but you do have control of the legislation. States control university legislation. Since the funding arrangements have changed over the last 40 years, states have sat back—even though universities are one of your responsibilities—and said, 'Just leave it to the Commonwealth.' So it is encouraging that you are putting that in.

CHAIR—Senator Tierney, they did want to reply to you.

Mr Smith—I will just say that, regarding the role of the states with respect to the legislative underpinnings for universities to operate and their accountability arrangements under various financial and audit accountability arrangements, hopefully the assistance—not just financial assistance but also a lot of planning, demographic and other assistance that the states and territories provide—is actually quite important in a federal arrangement.

Senator TIERNEY—How many staff have you got in your higher ed office?

Mr Smith—It is very small. Do you have the numbers, Ian?

Mr Hawke—We have a staff of about 15. Some of those staff are involved in the accreditation processes for private providers seeking to offer university awards. Other staff are involved in a jointly funded initiative with the universities to market our higher ed sector overseas.

Mr Smith—We have a tertiary education foundation. Our relationships with the nine universities that are operating in Queensland are very much based on a collaborative model.

Senator TIERNEY—It is all pretty tiny. Is there something in state development—I do not know what you call the department up here—pushing universities as drivers of regional economies and links with business?

Mr Smith—There are a couple of key links. One is with the information innovation economy in terms of supporting a range of research and development exercises. The other is with state development in the links between that area of activity and the growth of particular industries within the state.

Senator TIERNEY—Yours is the only submission we have had so far that has commented on the RTS. Of course this is something we are adjusting anyway. You seem to be exercising some frustration that there is unspent funding in some states when you have places up here. What do you see as the fundamental adjustments required for this to work better in Queensland?

Mr Smith—Ian has been working on this in some detail with the Commonwealth. I might ask him to comment on it.

Senator TIERNEY—Just a response in a nutshell; you might want to provide us with some more information.

Mr Hawke—We have lodged a submission with the Chris Fell review which is under way at the moment on the operation of the RTS—basically the knowledge and innovation funding schemes in terms of block grants for universities. One of the difficulties we see with the RTS, while we recognise that performance is a driver for research—and it should be—is the way in which the formula is reallocating resources within the scheme. It is so aggressive in its reallocation that it is delivering more capacity to the best performers than even they can expend in the year in which they receive it. That reallocation process is only dampened by a five per cent capping mechanism that restrains the net losses that can occur in those institutions not performing as strongly in relative terms.

Invariably in those institutions there are research students above the quota of RTS places that are provided through the scheme. So the scheme is acting to reallocate resources on the basis of performance—that is a tick. It is doing so, however, so aggressively that some institutions—even the best performing institutions—cannot spend all the money they get in the year that they get it. That means that in any one year a proportion of the scheme is being returned in unspent funds to the Commonwealth when there is latent capacity in other parts of the sector to absorb and spend that money quite effectively for research.

Senator TIERNEY—On governance structures, the legislation suggests a more streamlined approach. I want you to comment on the University of Queensland. We heard this morning that

they have a governance structure of 35 on the council. They were trying to defend this. Do you think that is a good idea? I thought in terms of good governance—

CHAIR—Mr Smith is one of the 35, so he should be listening carefully to this evidence.

Senator TIERNEY—Right. Excellent.

Mr Smith—Historical tradition.

Senator TIERNEY—He might defend this type of approach. It seems to fly in the face of modern developments in governance structures.

Mr Smith—It is important to look at the evidence of the strength of the institution and governance arrangements are not simply—

Senator TIERNEY—It could be in spite of the governance.

Mr Smith—But governance arrangements are not just about the size of the board or the senate. With respect to the management of the university, some of the fiduciary, legal and other duties are administered by very streamlined groups that report to that senate. Our submission says that the issues with respect to governance of universities cannot be compared to the company arrangements that might be established under private board arrangements. The mix of representation and the issues that the structures need to deal with are quite diverse and you cannot get any positive correlation between the size of the governance board—and Queensland is the largest across Australia; that has been in the public realm for some time—and actual performance over a long period of time from a range of indicators. The view of Queensland is that it is a diversion from the main game, and the main game is about what the university is trying to achieve, what it is achieving, how efficiently it is doing it and how productive it is in doing that rather than, ‘Is the meaning of life 42 or 18?’ Who cares?

Senator TIERNEY—You do not think such a structure enables a well geared administration to snow the council bodies as compared to having more business people who are more aware of—

CHAIR—With 18, I imagine.

Senator TIERNEY—how these sorts of the things should work using their skills.

Mr Smith—If you looked at the governance structure and the range of people from both the private and public sectors and senior people from a broad range of areas, they are not really a group of people that would be snowed. In fact—

Senator TIERNEY—Only some of them.

Mr Smith—The arrangements around a finance committee or the property committees or other arrangements are where the governance arrangements from the point of view of a private company might operate. It is important in any demutualisation of universities that we do not create disasters that have been created in other areas where we have had structures that have

delivered well for some period of time but have been streamlined. The most recent history in a range of so-called streamlined board arrangements has not necessarily—

CHAIR—Can you give us some examples?

Mr Smith—HIH.

CHAIR—I think there may have been a quality issue there, not a quantity issue.

Mr Smith—The NRMA has been demutualised in the same way. Has the move away—

Senator TIERNEY—You have to pick your people carefully.

Mr Smith—And the example in this area: we have to move carefully. What is the magic about 18? Why not 16?

Senator TIERNEY—It is just that 35 is cumbersome. I have been in organisations that have scaled down and they have worked far more effectively. Meetings do not go to after midnight and that sort of thing.

Senator STOTT DESPOJA—If Douglas Adams says it is 42 then it is 42! Does the Queensland government have a view as to the timing or the timeline for this legislation?

Mr Smith—No we have not really—

Mr Hawke—Not explicitly, but there is an issue, of course, for at least four of our institutions which, if this legislation were to be passed, would benefit from the allocation of funds through the regional loading mechanism. They would obviously be dismayed to confront a delay in the legislation which prevented them from receiving that money in 2004.

Senator STOTT DESPOJA—You have touched on the issue of consultation in dealing with those institutions. I am just wondering if you can provide more specific information on any discussions that have taken place between the government and universities, and with which institutions or their governing bodies. I am happy for you to take that on notice, but I would be curious to see if there has been, for example, any discussion of or development of the governance proposals as they pertain to the state legislation.

Mr Smith—There have been very general discussions between the Minister for Education and each of the vice-chancellors on governance arrangements. But those discussions were of a very general nature, awaiting the finalisation of the Commonwealth legislation.

Mr Hawke—My office has had direct meetings with all of the Queensland institutions over the last six to eight weeks, at their headquarters in each case. The dialogue that has been canvassed in those meetings spans the whole range of Commonwealth reforms in the package before the parliament at the moment, including governance, the issue of Commonwealth places and the Commonwealth Grant Scheme and so on. The extent of those discussions has been open-ended but explicitly on every element of the package in general terms.

Minister Bligh is in the process of writing to chancellors, vice-chancellors, staff associations, student associations and alumni associations across the Queensland institutions seeking their view of the governance protocols as proposed in the legislation and the way in which they would see them panning out for both their institutions and the stake in the institutions they currently enjoy. There are variations amongst the seven institutions in Queensland for which there is specific Queensland legislation, and there is wide variation in the membership. Four of our institutions have 22-member councils, two have 27-member councils and, of course, one has a 35-member council.

All of that will be used in our direct dialogue with the Commonwealth through the Joint Committee on Higher Education, which meets in the middle of October. At that meeting we will have the first opportunity to progress the resolution of the MCEETYA July meeting to do with governance. We will be pursuing issues around best practice. But, so far as I have been able to glean from all institutions—and, for that matter, from all other states—best practice would not come down to a specific number in the membership provisions of the governing body.

Senator STOTT DESPOJA—Your final recommendation in your submission relates to the issue of new charges for the fee regime for overseas students. Your recommendation is specifically that the Senate reject the new fee regime. As you would know, the Senate did not reject that—the majority of the Senate supported the fee regime, despite the attempts of some of us. Are you suggesting that we should revisit that? Have you communicated that to the Commonwealth in any way?

Mr Smith—It has been communicated to the Commonwealth. The minister has written to Minister Nelson outlining her concerns about the impact of those fees on universities.

Senator STOTT DESPOJA—Could we have a copy of that letter?

Mr Smith—We can provide that to you.

Senator STOTT DESPOJA—I think Senator Tierney covered this question, but I want to bring up the issue of an NBEET-like body. Are the concerns about the lack of qualitative, quantitative and independent research that you have expressed to us today and in your submission shared by other members of MCEETYA or other state and territory governments, to your knowledge?

Mr Smith—We have not raised that specifically with them, but we could do that through the Joint Committee on Higher Education. We can recommend that the minister raise that with her state and territory colleagues.

Senator NETTLE—I want to ask you about regional universities. I note that there is a comment in your submission that says that you think the allocation of loadings suggests a reluctance to fully embrace the principles of regional support. Given the comments you just made about the support that the Queensland government has given to regional universities, if there are fewer students in regional areas able to access institutions within those regions, what implications do you think that might have in terms of growth and development in those particular regional centres? Do you have any comment about that?

Mr Smith—I might kick off on this and then Ian might have some comments. We are aware generally of the importance to the economy and society of any geographical area of the completion of 12 years of education and then of engagement in postsecondary education. Because of the dispersed nature of Queensland's population and the fact that regional centres have very distinct economic bases, the role of the universities in each of those centres is vital to the social and economic development of those communities. For example, the work that Central Queensland University does in the Gladstone area around light metals and engineering is incredibly important, as is its work in Cairns in tourism and hospitality, and in other areas. I would be as bold as to say that, in terms of the wealth and social stability of these communities, we see a direct linkage between the skills profile of communities and people's access to not only higher education but also vocational education and training opportunities.

Senator NETTLE—Do you think this package could impact on that capacity of those communities?

Mr Smith—We said that we thought it was important for the regional funding arrangements that support be extended to non-direct student contact load. That has been done and, as Ian mentioned, I think a particular issue relating to timing that is important is that regional universities see parts of this package as quite important to them.

Mr Hawke—To enlarge on that somewhat and draw on two examples—the national priority areas of teacher education and nursing—most of our regional institutions have teacher education faculties and nursing schools in their profiles. It is very important for the pipeline of graduates back into those regional areas that those activities in regional institutions are continued and fostered. There would be nothing more damaging than if students in various regional parts of Queensland had to come to Brisbane in order to fulfil their aspirations to become teachers and nurses and therefore be denied an opportunity. They could obviously still return to their regional areas once they graduated, but the likelihood of that occurring would be diminished as a result of that phenomenon. We have a very healthy regionalised university sector in Queensland that is providing an excellent pipeline of teacher education and nursing graduates back into the regional communities that we would not want to see diminished by any reform that works adversely against that phenomenon.

CHAIR—What is the shortage of nurses in the state at the moment?

Mr Hawke—I am sorry, I could not answer that.

CHAIR—How many registered nurses are you short?

Mr Hawke—We would have to get that information for you.

CHAIR—You are getting 45 places out of this package—30 at Central Queensland University and 15 at the University of Southern Queensland. What is the demand at the moment?

Mr Hawke—Perhaps the best measure that I could offer you of the demand for nursing is the way in which cut-offs for nursing places in the system rose between last year and this year in the offer rounds. QUT's nursing school, which is probably the largest in the state, provides a good example. It would normally admit 300 or 400 in terms of nursing commencing numbers. Their

opening cut-off rose between last year and this year from an OP of 11 to an OP of 7. There were many students—

CHAIR—How many across the state who were qualified were turned away?

Mr Hawke—Our unmet demand in Queensland at the end of 2002 was 6,200 EFTSU across the whole sector; that is not for nursing alone.

CHAIR—Sure, I understand that.

Mr Hawke—That is about eight per cent.

CHAIR—But you are getting 45 places. Do you think we should be jumping up and down about that?

Mr Smith—We are concerned about the small number of places for nursing. Going back to Senator Nettle's comments on the importance in regional areas: for example, James Cook University is involved in a remote area teacher education program for Indigenous people. We have had 100 four-year trained Indigenous people from the cape graduate from that program. The major employment prospects in the cape are in teaching and nursing. If we really want to do something about Indigenous futures in the cape, we have got to invest in higher education and VET opportunities because those programs cross VET and higher education opportunities to give people a chance to move ahead. They are very significant programs and they will make a difference to people being able to participate in their economies, because this is where a lot of the investment occurs.

Senator NETTLE—You were talking about where the Queensland government was subsidising places for students between 1989 and 1995—and I am presuming that was to address some of the concerns that we have been talking about. Could you envisage a situation where the Queensland government may again need to subsidise those places as a result of the implementation of the package and the sorts of changes we have been talking about today?

Mr Hawke—Anything is possible. But the challenge for the state as far as this package is concerned is to exact from the Commonwealth the share of places that are available that we think is justified by our participation rates and our population demographics, as the Director-General spoke of earlier. One of the issues we have about the state making contributions to the higher ed sector in various ways, whether through funded places, capital investment or R&D investment, is the sense that we do not want the Commonwealth to view and treat those investments of funds—and significant investments they are—as if they were an enhancement of the total cake and move the share of Commonwealth load that is available to other states. Other states may not be making the same level of contribution. We do not want it to be a substitute for what is our deserving entitlement of the various funding packages that are available.

Mr Smith—If most growth is in full fee paying arrangements, we would also need to look at what impact that has on socioeconomically disadvantaged population groups and at whether they are going to access them in the first place. That really is the major concern. If that is where most of the growth is, because there are very few growth places in the package, then will that further

disadvantage people whom we want to encourage, rather than discourage, to take up higher education places?

Senator NETTLE—I have one more question, which relates to the workplace relations reforms. You commented before that you thought they were counterproductive and needed to focus on quality education outcomes. It has been said by others that these workplace reforms do not address those issues of educational outcomes and quality educational focus. Is that a statement that you would agree with?

Mr Smith—The Queensland government position in the submission is clear. The tying of workplace agreements and the further announcements that were made yesterday raise a question as to whether the additional funding that is proposed for that, and the administration load that would come with delivering on that package, is actually worth it. Besides the issues the chair raised about how the package will be implemented legally, it does raise concerns about potential industrial unrest in an area that has been characterised by a fair degree of industrial harmony. The Queensland government would have a concern if that harmony were disrupted.

Senator NETTLE—Thanks.

Senator MOORE—Your submission begins by talking about the fact that there was community awareness and discussion through the process of consultation. I am interested in the degree of consultation in the process between the state and federal governments on these issues, since you have shared responsibilities. What has actually happened through this process to consult?

Mr Smith—There have been a range of discussions within MCEETYA. States and territories have conducted some of their own work. You may have seen the Phillips Curran reports that were done independently. There is also work being done structurally through the Joint Committee on Higher Education. In many ways, the states and territories have been in a similar position as the universities in inputting to the crossroads report and now responding as the policy issues and policy pronouncements emerge. It is obviously a very complex package. With its complexity, there are issues that provide a positive direction. There are also issues of major concern that we have raised.

Senator MOORE—Have the state formally responded in a similar way to the submission that you have given us? Have they responded to the government?

Mr Smith—That response has come on various issues and will continue to emerge as the nature of the package becomes clearer. Last Wednesday the three pieces of legislation were tabled, and we will be advising the minister on them. MCEETYA formally resolved to consider a further meeting once the nature of the package was clear and the legislation was tabled. That is being considered collectively, I suppose, by ministers at this stage. The second issue that we are working with the Commonwealth on is what is called the quadrennium, which is the major finance and policy instrument for Australian schools. That is occurring in a similar timetable, with the beginning of that new instrument from 2005.

CHAIR—Mr Smith, I have here the figures on the number of nursing applications that were not successful for Queensland. According to the Australian Vice-Chancellors Committee, the

number for 2003 was 1,191, so it is effective this year. How adequate how are the 45 places that you have been awarded in that context?

Mr Smith—The Premier is on record as saying that he is disappointed with the allocation of the places to Queensland. There are some major concerns about the supply of skilled labour in a range of areas, including nursing but also medicine and teaching. There is no doubt about those priorities. I suppose the question is the availability of publicly funded places. The Premier is on record as saying that he is very concerned about meeting that demand.

CHAIR—Fair enough. Mr Smith, if this bill is passed, given the extraordinary change in the relationships between the Commonwealth and the states that are implicit in it, why should the states remain in higher education at all?

Mr Smith—There is a critical issue in terms of the universities operating as, effectively, statutory authorities and the financial support and guarantees that are provided with that. One of the issues for the states and territories is that if there were to be a change in the responsibility underpinning the governance arrangements for universities—that is, if each university came under an act of the Commonwealth—then the sorts of risks associated with that would be transferred to the Commonwealth.

CHAIR—That is quite a good point.

Mr Smith—Our view is that the state actually underwrites and supports the statutory authorities and that that directly impacts on, for example, the states' credit rating et cetera. It is in our interest for the universities to operate well financially. It is in their interest to access the benefits associated with the states' borrowing requirements et cetera.

CHAIR—But what capacity is there for the states to do anything if this bill becomes an act?

Mr Smith—That is why, where we are at the moment, the states have expressed some really grave concerns around those issues of understanding the governance arrangements. The governance arrangements of universities relate to a state legislative position where the states effectively—if I could put it in a very simplistic way—are underwriting the universities and are in fact responsible for the good governance and financial arrangements of those universities. The states cannot give up that responsibility lightly, because at the end of the day they are on the line.

CHAIR—Thank you very much for your evidence today. It is much appreciated.

[12.12 p.m.]

MOODIE, Mr Gavin Forbes, Principal Policy Adviser, Griffith University

CHAIR—Welcome. Submission No. 405 is before us. Do you wish to make any changes to it?

Mr Moodie—No, thank you.

CHAIR—The committee prefers all evidence to be given in public, although the committee will also consider any request for all or part of your evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

Mr Moodie—Thank you. I put to you one point on behalf of Griffith University, and that is that there appears to us to be a tension in the coalition's policy between government shaping higher education by regulation and government shaping higher education by its construction to the market. I put to you further that there is a tension between regulation and the market and that that tension is in the end unsustainable. For example, the coalition's policy would give institutions very considerable flexibility in the level of HECS they might charge but virtually no flexibility in the discipline—or, indeed, on the campus—in which they would locate that place. We will, of course, do our best, but in the end I think that is an unsustainable contradiction and it will be resolved one way or the other in five or 10 years time.

CHAIR—You have suggested in your submission on page 2 that the proposals under the Commonwealth Grant Scheme will actually increase the risk of university financial failure. Can you explain to us how you have reached that conclusion?

Mr Moodie—A number of universities have failed to meet their target load over the last half-a-dozen years. We can see that in the report that the department puts out each time, and we can see that in the advances that the department makes to those institutions to tide them over to pay payroll next time. The targets proposed in the bill are very much tighter. Even with the very welcome increase from two per cent to five per cent, the targets remaining are very much tighter, and I doubt institutions' capacity to manage their load with such precision. I just do not think they are up to it yet, and I think that some institutions will take a very long time to develop that capacity. If the Commonwealth imposed the financial penalties that appear in the bill then universities would become insolvent.

CHAIR—That is a very serious charge. You have indicated to us that you think that the proposed governance requirements in this legislation are at odds with international experience. What do you believe to be the reasons behind the government's position, and could you enlarge on why you think the proposal is at odds with international experience?

Mr Moodie—I do not think there is any direct relationship between size of governing body and performance of institution. There is a list of institutions—some of them rather distinguished—which have very large governing bodies. I think it is of symbolic significance

only. It might, nonetheless, be important. You might want to signal a change in attitude by changing the symbol, but I do not think it has much substantive import on its own.

CHAIR—You draw attention to Princeton, 40; Yale, 19; CalTech, 37; Duke, 75; MIT, 35; Stanford, 60; and Columbia, 122. These are all so-called world leading universities.

Mr Moodie—Yes, absolutely. The ones you have listed there are private institutions, and they tend to put big donors on their governing body. But even if—

CHAIR—The Commonwealth is a pretty big donor!

Mr Moodie—you chose a public institution ranked highly there—the University of California Berkeley—that would fail the coalition’s test of good governance too.

Senator TIERNEY—We have, I suppose, three pathways ahead of us: if the package goes through, we will have \$1.5 billion extra in funding over the next four years and a lot more flexibility in the system; if the package does not go through and we stay with exactly what we have got; or, somewhere down the track, Labor get elected and brings in a system that puts more funding back on the government budget, because they are not allowing fees. Given the history of 13 years of Labor government—where that was the trend—your long period of commenting on all of this and those three trajectories, what do you think would deliver better outcomes for the sector five or 10 years down the track?

Mr Moodie—In order: the Labor policy, the coalition policy and the status quo?

Senator TIERNEY—Yes.

Mr Moodie—Do you want me to elaborate on each of them?

CHAIR—Please do!

Senator TIERNEY—As an independent commentator, that is a very surprising answer, given that—

CHAIR—That is the trouble with those sorts of questions!

Senator CROSSIN—If he had said ‘the coalition’, you would have praised him.

Senator TIERNEY—I would like Mr Moodie to justify why on earth, given Labor’s 13-year history of underfunding the sector and then not allowing extra financial capacity, it would be a better approach.

Mr Moodie—Labor is promising in its policy to increase funds and increase them in a way which would continue for as long as the policy were implemented—that is—

Senator TIERNEY—But indexing just keeps things in real value as they are.

Mr Moodie—True.

Senator TIERNEY—And then you do not have any extra fees. So how on earth can you justify that that would be better in terms of outcomes?

Mr Moodie—Because maintaining the real value of—

Senator TIERNEY—Where we are now.

CHAIR—Senator Tierney, let him answer.

Mr Moodie—I can put up with this!

CHAIR—I know; he's a big boy!

Senator TIERNEY—He doesn't need your help, Chair. He can defend himself!

CHAIR—Don't worry; he is going to get it!

Mr Moodie—Allowing us to maintain the real value of our grants would be an improvement on our experience of the last dozen years. That is point one. Point two is that the level of increases that institutions are likely to get from the flexible funding arrangements is much lower than appears. It has a very considerable effect on students. Thirty per cent sounds a lot, but it is only 30 per cent of the student contribution.

Senator TIERNEY—But, of course, it is a lot broader than that, isn't it? The whole change gives universities a lot more flexibility more broadly. You are just homing in on one element.

Mr Moodie—Sure, the element that would give us extra funds.

Senator TIERNEY—That is one thing that would give you other extra funds, but there are others.

Mr Moodie—From variable HECS, the sector as a whole would get, if everybody was on HECS band 2, an extra nine per cent income, and the Group of Eight would get an extra four or five per cent. It is not very significant. As for full fee paying places, yes, that would be additional income for some institutions, but would it be four per cent or five per cent? It is a very considerable loosening up of the sector—I think that is a correct position—and for that reason it might be a desirable reform.

Senator TIERNEY—So if we do not loosen it up—if we indeed go back to greater reliance on government budgets—given what has happened over the last few years in terms of competing demands and given 13 years of Labor history of doing that, I am just wondering how you could justify that that would be a better outcome in five to 10 years than giving greater flexibility in the system?

Mr Moodie—Because the extra income that would come to institutions from restoring indexation, even partially, would be larger than the extra income you would get from variable HECS and from full fee paying places for the sector as a whole.

Senator TIERNEY—But indexation, by its nature, is maintaining real value from where you are.

Mr Moodie—Yes, true.

Senator TIERNEY—I do not think there is anything in the Labor figure that says they are going to make up for the last 10, 15, 20 years.

Mr Moodie—Regrettably not. But even maintaining the status quo is better for most institutions than the coalition's proposal, which would see a deterioration of the status quo for most institutions, I believe.

Senator TIERNEY—I assume you have seen the Labor policy—Aim Higher—and this has been costed out by the department and also by the department of finance.

Mr Moodie—Yes.

Senator TIERNEY—You are saying, 'Put it back on the budget,' but what it shows in terms of Labor policy on the budget in Queensland is that you would go backwards \$43 million across the sector. This does not allow the flexibility, but then even the public funding goes backwards.

Mr Moodie—Yes. The department's analysis of Labor's proposal shows that there would be a funding shortfall in 2015—well beyond the period of the forward estimates. That is the first point.

Senator TIERNEY—No, my figures are over the next three years.

CHAIR—Let him finish the answer.

Senator TIERNEY—This shortfall I mentioned is over the next three years, not over 15 years.

Mr Moodie—On that (a) I do not think it is true.

Senator TIERNEY—I am sorry, this is out of the department and out of the department of finance.

CHAIR—Senator Tierney, let him answer.

Senator TIERNEY—It says, 'The estimates are indicative costs to institutions over three years.' That is what the department of finance says.

CHAIR—Let him answer the question.

Mr Moodie—On that (a) I do not think it is true, and (b) I do not think that is a correct reading of the department's—

Senator TIERNEY—Okay, I have no more questions. I have a statement here that is a statement of the department of finance, and you are saying that the department of finance puts out dodgy figures. Is that what you are saying?

CHAIR—That would not be the first time. We will go to Senator Nettle.

Senator NETTLE—In your submission you talk about regional subsidies and criticise the way in which the government is proposing those regional subsidies. You also talk about the allocation of regional places thus far being distorted by political interests. Do you have any comments on how the regional loading impacts or does not impact on the University of Western Sydney? Also, are there any political interests that you think may be a part of that?

Mr Moodie—I do not think that the University of Western Sydney is being punished for any political position it might have taken—which is, I think, the nub of your question. The regional loading does not have a clear rationale that I can find. The allocation of regional places last time did not have a clear rationale. That makes one immediately suspicious. You can have a regional subsidy if you want, but get a rationale for it that allows one to decide why it is allocated to one institution and not another. I do not see the rationale there, in which case it then becomes vulnerable to places for marginal seats and subsidies for particular constituencies.

Senator NETTLE—There was not an implication in my question about what UWS has said. In my mind, the point was more that UWS is surrounded by five marginal seats—which then plays into the second part of your answer, in terms of saying that that may be one of the political interests in that determination.

Mr Moodie—Except that the minister has not done that. If we were to believe in conspiracies, we would have seen a very quick attempt to quieten down the dispute in Western Sydney. We have not seen that; we have seen the Commonwealth try to justify its position on the merits of the case. There has not been the craven subservience to narrow interests that you might cynically expect.

Senator CROSSIN—Then how do you explain Wollongong?

Mr Moodie—There is no principle upon which you could say that Western Sydney is non-metropolitan. There is, perhaps, a principle upon which you could say that Wollongong is—

CHAIR—What about the Hawkesbury facility?

Mr Moodie—It is precisely because of the lack of a rationale that we get these difficult marginal cases.

Senator CROSSIN—It is not called 'let's take Wollongong back off the Greens'?

Mr Moodie—It is one seat, and you would think it would go to Labor next time, wouldn't you?

CHAIR—What about the fact that the regional loadings are so closely aligned with marginal rural seats? Have you noticed any pattern there?

Mr Moodie—I have not done that analysis. I did an analysis on the allocation of regional places, and about half of them were hard to justify on any rational ground.

CHAIR—Apart from political imperative. That is a rational ground for politicians, I have found.

Mr Moodie—Sure, there may be political grounds but not rational, bureaucratic ones.

CHAIR—But that is a rational part of the process to get the numbers.

Senator STOTT DESPOJA—I like the term ‘rational bureaucrat’. I have a very general question. In relation to that discussion, you talk about the need for the ARC or some independent statutory body to oversee that. Let us go back to the question we were talking about with the state government officials—that is, the notion of a lack of independent advice. You have obviously been involved in and followed debates on higher education policy. You mention the green paper, the white paper et cetera in your submission. Have you noticed not only a diminution in the advice available to governments or politicians but also an impact on the debate? In your opinion, are governments making decisions without reference to some of that important qualitative data, particularly—and you talk about fees, although I know you are talking about a different perspective on fees—the socioeconomic data in relation to fees and their impact on students or aspiring students?

Mr Moodie—Yes, absolutely. The only source of analysis and advice open to the government is from the department. The department is charged with implementing the government’s policy; its advice, its analysis and its research are inevitably directed to its primary mandate of implementing government policy. So one has to go to Bruce Chapman, to this unit or to that unit to get ad hoc discussion of a particular point, and there is no consistency in it.

Senator STOTT DESPOJA—Would you advocate the reformation of a body like NBEET or, within that, the Higher Education Council?

CHAIR—NBEET still exists.

Senator STOTT DESPOJA—I think in the end we did deal with the legislation, even though the minister abolished the body before the legislation had been debated or passed, but it has since been disbanded.

Mr Moodie—I take the point that was made by Senator Tierney: some of those arrangements were cumbersome; senators were surely not getting direct access to advice and surely any advice was taking months and months to come. So let us not replicate that structure, but that does not mean to say that all independent statutory bodies need to be as cumbersome as that.

Senator STOTT DESPOJA—But was it months for that advice to come or, more appropriately, was it months for a government response to that advice, because it was publicly available and tabled in the parliament?

CHAIR—Can I ask a supplementary question on this?

Senator STOTT DESPOJA—I am sorry, I interrupted, Mr Moodie. Was there more you wanted to say on that before I yield to the chair?

Mr Moodie—No, that is fine.

CHAIR—Taking up the point Senator Stott Despoja made, there is a question about the capacity for evidence based policy making. That is the point that Senator Stott Despoja has been alluding to. We have had a recent controversy about some research data that was suppressed. One of the things that worried me was whether there was a decline in evidence based policy making. What do say to that proposition? You have been an observer of the scene for some time. What do you think—is it happening or not?

Mr Moodie—What is being lost is the consistency of it—the development of a line of studies. The quantum is probably the same, but they are not connected; it is all episodic. There is no attempt to study the sectors systematically. For example, in the olden days, the Higher Education Council used to report each year on the effect of HECS on students. Where is that report? It is the consistency or linear data.

CHAIR—But the department said it would take over that role. When they abolished the Higher Education Council that was one of the commitments given to the Senate.

Mr Moodie—What we got was two reports from the department—Andrews and Andrews—then a big gap and then the so-called suppressed data.

CHAIR—Karmel has made the point that this was precisely fulfilling his obligations in terms of previous commitments. That strikes me as the real issue here.

Senator STOTT DESPOJA—I thought they just had to keep postcodes. I did not think that they needed any qualitative analysis under the promise they gave—but we will clear that up in our own way, won't we, Kim? The point I make is the absolute lack of research. But I understand your point, not in terms of the vacuum of research but the consistency.

Mr Moodie—Yes. Every time there is a change in policy there has to be a change in statistical methods. The higher education management system has been introduced, so we change the stats. If we are going to change the statistics, how on earth can we track the 'before and after' when we do not have a body charged with maintaining that consistency?

CHAIR—Thank you very much.

Proceedings suspended from 12.34 p.m. to 1.30 p.m.

GARDINER, Professor, David George, Deputy Vice-Chancellor (Academic), Queensland University of Technology

CHAIR—Welcome. The committee has before it submission No. 438. Are there any changes that you wish to make?

Prof. Gardiner—There are no changes. The only qualification is that we have now seen the colour of the legislation which was not available at the time I prepared the draft that was submitted to this Senate inquiry.

CHAIR—No worries; you will get some questions on that. It will help you to clarify that.

Prof. Gardiner—Thanks for the warning. For my sins, I was once a lawyer.

CHAIR—Excellent.

Prof. Gardiner—I should not have said that, Chair; I apologise.

CHAIR—The committee would prefer all evidence to be given in public, although the committee will also consider any request for all or part of your evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

Prof. Gardiner—Thank you, Chair. QUT put in a very brief submission. The main points of our submission, based on the general principles in the announced package, were a concern for the impact on students and their families of the transfer to them of a large portion of the cost of education, the inadequate presentation of scholarships in the package and support for those of low socioeconomic groups and Indigenous populations. The other points we made were the Commonwealth grant funding by discipline, which seemed to bear no rationale. Indeed, in a couple of areas they were quite prejudicial. We highlighted three of those in our submission. Some high-cost clinical areas which are health but are not covered by disciplines—I have in mind optometry, podiatry and so on—are quite costly to run but are kept at a low level. Law presumably is there for those who wish to pay for it on the basis of the very low Commonwealth grant funding to it. We also raised concerns for education, which became a national priority of the two but is not funded on that basis nor is it permitted to charge top-ups on it because it is fitted into that category. Our education faculty and our education dean are quite concerned about the capacity to deliver quality education as a national priority on the discipline basis that the Commonwealth has offered for that discipline.

We also made the point that the attachment of conditions to some of the funding—\$404 million based on industrial relations and governance requirements, which was the subject of a media release yesterday, I believe—should be detached. We have some concern, both in content and in principle. We also made a point, perhaps arguably from our point of view of a suburban and inner suburban university, about the extent to which regional funding continued to assist regional universities. There has been some qualification in the package from what was previously announced with an extension to city based students of regional universities, at least

by proportion. We have over 3,000 regional students studying in Brisbane and we suffer some consequences of not having any loading funding for regional students who happen to study with us. They are the basic propositions in our submission.

CHAIR—Thank you very much. I have a simple question: do you support the imposition of a full rate of interest on loans?

Prof. Gardiner—We think a full rate of interest is going to be detrimental to a large class of society who will be unable to service those loans. Therefore, we have some issues with it.

CHAIR—I want to move to the matters in regard to the package. You have drawn to my attention that you are a lawyer—

Prof. Gardiner—It was my first mistake, Chair.

CHAIR—I trust that you have before you chapter 2 of the main bill, clause 30-25. This is the one that lists all the things you can and cannot do—mainly the things you cannot do. In effect, it proposes the conditions under which the Commonwealth minister can now intervene with regard to the conditions under which a grant should be made. He can do that on a case-by-case basis, which means that he can effectively have carte blanche to set conditions at an institutional level for every institution in the country. Without limiting a licence, he can specify the number of Commonwealth supported places to be offered, the courses and the nature of any loadings that are to be provided. This is an enforceable contract, would you agree?

Prof. Gardiner—So I am given to believe. Under the legislation, the agreements would become binding.

CHAIR—Would you agree that there is a penalty attached if you breach this agreement?

Prof. Gardiner—Yes, there are severe penalties.

CHAIR—How would you think this clause, if implemented, would affect the operations of your university?

Prof. Gardiner—The legislation gives very broad powers. Certainly, our university is concerned at the extent to which micromanagement and bureaucracy might creep in, as well as, as I understand it, the potentiality for the minister to step in for particular courses regarded by the minister as not in the interests of Australia—for example, a course on terrorism. I use that as one end of the extreme. There is no qualification in the legislation about the objective nature of the courses which may or may not be allowed. In a briefing by government officers which I attended last Thursday, I had not picked up the point that the minister might well declare a course unsuitable to be delivered in an Australian public university.

CHAIR—Do you mean an individual program at a university that the minister does not like, for whatever reason?

Prof. Gardiner—Sex, drugs and rock and roll or whatever it may be.

CHAIR—What does this do for universities' autonomy as we traditionally understand it?

Prof. Gardiner—The Commonwealth is paying for Commonwealth places and it is entitled to have significant influence on the direction of its investment and the accountability for that investment. But if it seeks to micromanage at a level which makes it impossible for a university to manage its own business, I think that is over the line. Certainly, with the capacity of both the government and a university to manage the discipline, which has now been ameliorated from two per cent tolerance to five per cent tolerance in terms of getting your mix wrong, I believe it would not have been possible in any real administrative sense for either the Commonwealth—even with its HEIMS scheme—or us to get the discipline mix right down to 100 per cent or two per cent tolerance. I think we would welcome a five per cent extension for, as it were, getting it not quite right.

CHAIR—I notice that the enhancements to the package are not funded. Are you aware of that? Are they all cost neutral?

Prof. Gardiner—That is correct. That is my understanding.

CHAIR—So where do you think the offsets will be made?

Prof. Gardiner—At this stage, we are unclear where they might be made. Part of the continuing uncertainty is what will happen in the immediate aftermath of what is being funded, what may be permitted as HECS top-ups and what might be fee paying. That is part of the great uncertainty of where the funding may come from.

CHAIR—Regarding the conditionality of the provisions of this legislation, there are two questions in terms of the grant scheme—the \$400 million. There is the question of governance, which is a state responsibility, and there is the question of the industrial relations policies of the government. As a lawyer, do you think a disallowable instrument properly does these things, or do they require additional legislation?

Prof. Gardiner—On my reading of the way in which the legislation is drafted, the funding goes from the current draft, if they do not proceed. In other words, I am putting the reverse of what you put. I am suggesting that because of the way in which the drafting has occurred, that \$404 million is not there if the conditions are somehow disallowed on the way, either as legislation or as guidelines. It is drafted in such a way as to fall completely away if either is disallowed. I do not know whether that answers your question.

CHAIR—No, it does not. What I am getting at is whether or not you think it is legally appropriate to have such matters—namely, industrial relations conditions—imposed by a disallowable instrument or whether, in your opinion, there is a requirement for separate legislation on those matters.

Prof. Gardiner—I do not regard myself as a constitutional lawyer at present. I think I would have to leave that to somebody who knows better. But as a matter of principle as distinct from strict legal constitutionality, I think it is improper that they be harnessed to extra funding to universities. It is arguable that that money is needed now, without the conditions. It is also

arguable that, as a matter of principle, the conditions will not necessarily produce any positive outcomes for any party involved in the higher education sector.

CHAIR—The ACU said this morning that they are not likely to be able to meet the requirements, even if they are passed by the Senate. What is the position with your university?

Prof. Gardiner—Governance is a matter beyond our control. It is a matter for the states and for MCEETYA through the state ministerial council to come up with a position. So, if there is a requirement for governance change, that is a matter for the states. No doubt we would make our submissions, but it is beyond our control. As to the conditions that I have now read—only as recently as last night—in the media release, the list is somewhat more extensive than we had anticipated. The time frame within which to have negotiated and gone to a poll on the new enterprise agreement was today, so the impossibility of working without or within those, should the legislation come in, means that we are facing the implications of that.

I must say that we have always worked well with staff at our university, and under the previous conditions, although there was a long list of things that had to be complied with, our university was one of the early ones that complied with the first and second tier of the extra funding without any grief for or from our staff. We did it through cooperative means. But AWAs may be a different matter.

CHAIR—So, if you cannot meet the conditions, what is the financial position of the university under this package?

Prof. Gardiner—We would be significantly impaired in that extra funding and we would have argued, as most other universities do, the funding is needed now without those conditions, to ensure quality education.

CHAIR—I have one more question. It goes to an extract that I have given to you already from the University of Sydney's submission. It is from page 3 of 10 of the submission. It says:

There are a number of obvious deficiencies in the package of reforms outlined in the Nelson review ...

It lists them: voluntary student unionism; the 'overly tight straitjacket' of distribution and redistribution of government subsidised places; the 'excessive degree of control' inherent in the discipline mix; 'gross intrusion on university autonomy, academic freedom and student choice'; the 'illogical link between increased funding and ideological components of industrial relations'; and indexation. The submission goes on to state:

The proposals in this package are not sustainable in the medium to long term and there will continue to be an inbuilt degradation factor and an ongoing need for episodic injections of additional funding.

Do you support the sentiments outlined in that statement?

Prof. Gardiner—I think all six of the issues that are raised in that submission ring true to our university. We have not phrased them in the same way. Nor does the University of Sydney's submission take on the issue of the impact on low socioeconomic and Indigenous populations.

CHAIR—You would expect that from Sydney, though, wouldn't you?

Prof. Gardiner—It is my old alma mater, Chair. That is my second mistake!

Senator TIERNEY—You indicated to the chair that you were worried about that connection and that the money would not be available. Are you also concerned that if this bill does not get through then the money is not going to be available?

Prof. Gardiner—I think universities have argued the case for extra funding for a couple of years. I think the whole sector, including our university, is quite concerned going into 2004 and 2005 that, if the legislation is not passed and there is no other alternative, higher education in Australia will be in chaos for a couple of years.

Senator TIERNEY—You have before you in this bill another \$1.5 billion over four years. You have more flexibility in the way in which you raise funding. Surely you would be advocating for this bill to go through, as the best shot in 10 years for the university sector.

Prof. Gardiner—With some of those matters which are at the worst end of it, including the conditional sums—the \$404 million—I think our university would be looking forward to the injection of funds and the passage of the legislation.

Senator TIERNEY—Let us look at the conditions now, such as the condition relating to AWAs. We are not saying that universities have to have workplace agreements right across the sector. There is a fairly minor requirement that an AWA be available if an individual staff member wanted to access it. Surely that is fairly minimal. Why would that create a problem in meeting that condition?

Prof. Gardiner—I would have to wait and see the drafting of the legislation. I have seen what is in the media reports but I—

Senator TIERNEY—That is the policy.

CHAIR—That is the point: there is no legislation. They are going to do it by press release.

Senator TIERNEY—No, we might do it by regulation, mainly because it is only a minor matter.

Prof. Gardiner—As an exception, AWAs—and it is a matter that we would have to talk about within our university and we have not—could not operate in the sector. There are universities with 3,000 or 4,000 staff. AWAs for every one of them would be impossible. It is hard enough going through the provision of quality education and research. AWAs would not be administratively possible in the sector.

Senator TIERNEY—That is strange. Other industries have AWAs. Why should the universities be a closed shop—

Prof. Gardiner—I was not suggesting that—

Senator TIERNEY—and just have a cosy arrangement with pattern bargaining? I know it is easy; it is comfortable. But I wonder if staying with this arrangement actually delivers the best outcomes in terms of your staffing arrangements and what the university can achieve.

Prof. Gardiner—We are reasonably comfortable with the arrangements that we have been able to negotiate in the past and look forward to doing so in the future.

Senator TIERNEY—Even though other universities are often pace setters and therefore create costs for you that might be higher than they would have been with another system?

Prof. Gardiner—We have tended to be able to secure an outcome for our staff—and it is for our staff at the end of the day—to which they are entitled.

Senator TIERNEY—The Labor policy is—they say—to do full indexation. Let us assume they do. I doubt that, given their 13-year history. But even if they did, all that full indexation does is maintain the current value of money. It would not actually be a real increase in money. Yet they are going to also abolish fees under this. What effect would that have on your university?

Prof. Gardiner—All universities are concerned about a lack of indexation in the long-term, and that includes the current arrangements, the proposed arrangements under the current proposed legislation by the government and I suspect what is being proposed by another group. It tends to be a promise and provision up-front and then the sector drifts behind over a decade. If Australia is seeking to be a real player in the knowledge economy it just does not seem to be the appropriate investment to place us up there with other countries.

Senator TIERNEY—How many margin enrolments does QUT have currently?

Prof. Gardiner—A little over eight per cent, I believe.

Senator TIERNEY—Have you done any calculations on—I know it might be difficult to calculate—the likely effect of full funding for the marginal places that you will eventually get within a five per cent cap?

Prof. Gardiner—We have been up to almost 15 per cent overenrolled for a variety of reasons and have been, by virtue of a reverse pipeline—fewer entries—reducing that. The target would be to bring it to around five per cent. Full funding for those marginal places would allow us to just keep our head above the water. One of the big concerns—

Senator TIERNEY—It must be a much better way to go, though, than getting marginal funding for such a proportion of your student body. You would have to welcome the change, surely.

Prof. Gardiner—We would welcome the change but it does not really keep pace for infrastructure. The capital roll-in was brought into Commonwealth funding some years ago. The cost of infrastructure these days, not merely for research, which is behind anyway, but for quality buildings and quality technology—they wish to move to wireless domains in the immediate future to keep pace with other places—is high. It is the infrastructure that will start to fall down.

Senator TIERNEY—I was wondering if you were aware of the Labor Party policy Aim Higher and the financial impact of that on QUT?

Prof. Gardiner—We have looked briefly at it. Again, it was some time ago and I have not looked at it for the purposes of this inquiry.

Senator TIERNEY—On 30 July, figures were released from the Department of Finance and Administration that showed QUT would be \$13.7 million behind under Labor policies. Is that creating concern?

CHAIR—Actually, you get \$16 million on the indexation alone.

Senator TIERNEY—Indexation keeps real value only. It is not extra money.

CHAIR—Why don't you provide it, then?

Senator TIERNEY—You will be \$13 million behind and under Labor policy you could not charge any fees, either.

Prof. Gardiner—Sometimes those figures roll around quite a lot. The original DEST estimates for us in the government's package were out by many millions when we came to doing the figures. With those roll-arounds of \$8 million or \$10 million in a budget of \$350 million to \$400 million, over a long period of time the real concern is the lack of big indexation or appropriate indexation and the impact on our infrastructure.

Senator TIERNEY—But what this package broadly provides is a lot more government money, a lot more opportunity and flexibility to raise money from other sources. Surely, in terms of placing universities in the new century, this is a much better way to go.

Prof. Gardiner—The opportunity, preferably without condition, to have an extra \$1.5 billion in the sector, if that is what is available, is not going to be thrown out by universities, including ours. We still do not like the conditions attached to the \$404 million and the lack of adequate treatment of the scholarship regime. The 26,000 scholarships will not even be fee exempt under what appears to be the current negotiated position on fee waiver versus fee-exempt scholarships. So you would get a scholarship under the government's package and still have the social security implications of it being regarded as income.

Senator TIERNEY—Obviously, there will be things that universities will like or not like, but I think what is essential is to get the whole package through.

Prof. Gardiner—I think the AVCC, speaking on behalf of the universities collectively, have welcomed the opportunity for the package to go through.

Senator TIERNEY—I think so. Thank you.

Senator STOTT DESPOJA—Professor Gardiner, you mentioned the DEST estimates being out originally. This is becoming an increasingly common piece of evidence. Do you have any

modelling that QUT has done on the impact of the reforms? Do you have anything you can share with us?

Prof. Gardiner—Ours has been unstable as we have managed downwards our overenrolment, looking towards where new places might go. I have not made an issue of new places, but Queensland has certainly put in a bid for 40 per cent of any extra places. Based on demographics, population growth and unmet demand, we would have to seek our fair share of any new places. So at the end of the day, having a fair share of growth and looking at the opportunity, should fees come in in some of our courses, QUT would be better off as an institution. The impact we are concerned about is that some of the population that might otherwise come to university will be deterred from coming. Low socioeconomic groups and perhaps Indigenous groups may not be in a position to enter the university.

Senator STOTT DESPOJA—In relation to that issue, particularly disadvantaged groups, does QUT have a specific policy on student income support? We have just heard from the state government, who recommended as part of their submission that there should be a review of student income support mechanisms. Is that something you would subscribe to?

Prof. Gardiner—We certainly would. We would strongly support that view. We have our own basic set of scholarships and other arrangements, but they really do not go anywhere near being a structural intervention sufficient to assist whole groups of the population who tend to be at the margins. I suspect most other universities do the same.

Senator STOTT DESPOJA—I would be happy, if you wanted to take that on notice, if you wanted to provide the committee with a view, if there is one, from the university as to what specific changes could be made to improve the environment re the income support.

Prof. Gardiner—Thank you for that opportunity.

Senator STOTT DESPOJA—I want to take up Senator Tierney's point. You put on the record today a view that is commonly shared, from what we have heard, in relation to AWAs—not even the issue of desirability, but the issue of workability. I do not mean to misrepresent you, John, but I want to be sure on this.

Senator TIERNEY—Heaven forbid.

Senator STOTT DESPOJA—Professor Gardiner, when you made that comment, Senator Tierney interpreted that as alluding to a lack of flexibility. He said 'a closed shop', implying that there is a lack flexibility or a lack of opportunities to negotiate with groups of employees. Can you put on the record for us your view of the flexible nature or otherwise of the university work force—that is, general and academic staff? Also, I would be curious to know your views on productivity. There seems to be a perception out there about productivity or lack thereof, in universities, yet most of the evidence we have heard in the last two days is that university environments have been extremely productive—arguably more so than ever. Do you have a view on that?

Prof. Gardiner—On the latter point, universities have been increasing their productivity for a long time now in terms of the volume of students, the nature of undergraduate education and the

expectations of students these days. There has been added pressure and income to support that from full fee paying international students, which raises in some respects not a difference of treatment but an expectation of treatment that is at a very high level and of new technologies, and it raises the demands for research and the desire for staff to undertake research.

There has been a growing strength in the scholarship of teaching. It is not a comment that has been made in any of the other references here today or by me. One of the strengths of the government's package is having a performance regime around teaching and learning to match the research things. We fully support that because it allows a recognition and treatment of the scholarship of teaching. We certainly believe that academic staff at all levels have continued to rise to the occasion and be more productive. Australia's research and teaching capacity has gone up and up. It is arguable that the resource base for undertaking that has not been matched through indexation or in other ways. At QUT we certainly value both our academic and general staff. Through individual negotiations with the staff at various levels, we seek to ensure a process of planning, performance and review in which we plan what people are doing and seek to assist them in achieving what they want and also what QUT wants.

Your first question was about AWAs. Senator Tierney is leaving but I will put it on the record anyway. Those processes evolve quite significantly even over a six-month period. Academics are taking six months off to undertake a research semester or they desire to take an increased load for third semester to have time off at another point in time. Negotiations and renegotiations in the interests of the staff member and their supervisor are happening all the time. That is highly productive and highly valuable for the staff member. To convert that into some formal process of AWAs and then quadruple your human resources staff to try to manage formal documents that approach that in a very structured and formal way would be disastrous for the cooperative measures that are already being undertaken.

Senator NETTLE—At the end of your submission you talk about the learning entitlements and the potential impact of those on women over a learning life cycle and on portability and flexibility. Has QUT done any research or do you have any general comments in terms of the relationship that that learning entitlement might have for women in particular?

Prof. Gardiner—We have not done some specific data traces. QUT's first year intake is down to 27 per cent school leavers at the moment, which means that the vast majority—over three-quarters—of the entrants to QUT are somewhere in their midlife. They have a career or family responsibilities. So three-quarters of our entering students are not school leavers. The subjective and anecdotal evidence we have is that they are coming in and out of career paths for whatever reason. Learning entitlement has now been extended, as I understand it, to one extra year beyond the length of the course, but I think that is more directed to those courses which are that long as distinct from the individuals who may need to have the time to undertake their studies. We have not done any direct studies.

Senator NETTLE—You also commented in your submission and again today about the industrial relations component and your concerns about that. How do you feel about being put in a situation where there is this need for compliance in terms of industrial relations and governance and your university is required to meet that in order to get much needed funding? Will that affect the direction your university will have to take, in terms of IR and governance, in order to obtain that funding?

Prof. Gardiner—We have objected to them in principle. We have sought to work with them in the past in a way that does not create friction between the staff and the university. What has been announced automatically places you in the situation where you may be having arguments with your staff with or without some other group being associated with them. That is not the best environment in which to be trying to support and reward your staff as well as going forward. Our argument is that they should not the conditions and that the money should flow simply as part of the grant funding if it were available.

I would also add that I am not aware of any serious study of the impact of the most recent round of these things and whether it has added any value to the sector. There is no verification in any scientific or research sense of what these things should result in. I guess I am questioning the tie, and I think the University of Sydney made this point: there is no rationale between having these conditions and the outcome for results, even those which the government may wish to perpetrate. There is no correlation necessarily.

Senator NETTLE—Can you see anything in the requirements that would link those reforms to the quality of teaching that academics at your uni would be able to provide?

Prof. Gardiner—I can see nothing in the governance ones, which are well beyond our control, and nothing in the other ones that would necessarily assist the quality of higher education at QUT.

Senator NETTLE—My final question relates to the impact of this legislation when put in the perspective of the funding cuts that universities have received in the last decade, particularly since 1996. Where does this package put you compared with where you were, say, in 1996?

Prof. Gardiner—I think it redeems the situation but only pulls us just to the point where, we would argue, we should have been anyway. It does not launch Australia as a leader in the knowledge economy against some other countries—Scandinavia, for example. It places us in a position where we have to play catch-up again. That catch-up is valuable to the universities otherwise they would be further behind, but it does not place us so far in front. The rest of the package that is not on the table is the balance of the research investigations. The infrastructure of Australian research institutions, even after undertaking industry based and other connections, is woefully behind and without a significant injection of further infrastructure funding for research we will fall behind again, I guess.

Senator NETTLE—Thank you.

CHAIR—I want to return to this issue of the vice-chancellors' position. The way I look at the Australian Vice-Chancellors Committee, a range of views are being expressed. The Group of Eight, ATN, regional universities and blue gum universities all have different views. There is no common view in the Australian Vice-Chancellors Committee. On the other hand, we have been asked to accept this package sight unseen. How appropriate do you think it is to make policy on that basis?

Prof. Gardiner—Are you asking me to comment on the Australian Vice-Chancellors Committee?

CHAIR—You drew to our attention that the Australian Vice-Chancellors Committee had a view on these matters. How do you reconcile the vice-chancellors' position—which, I might put to you, is dominated by the Group of Eight—and the interests of your university?

Prof. Gardiner—I am not sure that those views, which were expressed by the elected group of the Australian Vice-Chancellors Committee, are totally at variance with any of the group. They value having some extra money in the system. They are still having a shot at the lack of indexation and are concerned with many of the points I have made today. So I suspect that their position is not inconsistent with the vast majority of Australia's public universities. There is common ground within the AVCC in putting in its brief submission.

CHAIR—Is their position one that considers that these changes have to be made or is the position: we do not really care what the amendments are and we want this package?

Prof. Gardiner—I do not think it is the latter. I think they are still arguing for changes to the conditions in the package, just as we are. But in the absence of anything else—with no extra funding and falling behind for another couple of years—I think the sector is saying that they would be interested in fighting the conditions and taking the money at the end of the day as well.

CHAIR—The proposals here seem to be setting the pace for further deregulation and privatisation. Take, for instance, the matter that Senator Nettle raised regarding the student entitlements. It is putting the infrastructure in place for vouchers, isn't it?

Prof. Gardiner—It has not been mentioned anywhere, but that is a possibility. Perhaps it is unnecessary to have vouchers anymore. Personally, one had the view that the Australia card might have been getting a bit closer. If you are a student and you are on HEIMS and your student entitlement is on that system and is traced over time and connected with the tax system, certainly from a student's point of view there may be some greater connectedness than in the voucher system.

CHAIR—On the question of the student identifier, do you think it does pose some issues about privacy and, again, this intrusive capacity of the Commonwealth to monitor people's movements?

Prof. Gardiner—I think that, under the current privacy legislation, the arrangements will be appropriate. I am just concerned that, overall, there will be a capacity for government to trace people in a way that comes a lot closer to electronic following through of their period of time of study and their afterlife in repaying loans or repaying their HECS debt, and it is all connected to the tax system. I think that from a student's point of view—not so much from the university's point of view—it could be an issue.

CHAIR—I want to raise the issue of how many people actually go beyond 4.5 years. The statistics are clear on this. There are very, very few. Why do it unless you are setting in place a range of other measures to perhaps give us new policy options for the future?

Prof. Gardiner—That may be one alternative interpretation.

Senator MOORE—I have a question that I should have asked of the previous vice-chancellors. Senator Tierney's point is that the proposed industrial relations changes are going to be more flexible and respond more to people's individual demands. In your position, have you had a wide demand from staff wanting AWAs?

Prof. Gardiner—No, none whatsoever. We have not had a single request, to my knowledge.

Senator CROSSIN—I have a question about scholarships. You make a comment about the package, saying that one of your concerns is the inadequate treatment of scholarships and other support programs for disadvantaged students, including Indigenous students. How many Indigenous students have you got at QUT at the moment?

Prof. Gardiner—I think there are about 900 bodies, not necessarily EFTSU or full-time students.

Senator CROSSIN—In 1998 there were significant changes to Abstudy. There is well-documented evidence to show that that led to a decline in Indigenous students entering higher education. Do you see 1,500 scholarships being offered nationally—and they will not all be for Indigenous students—going any way to addressing this decline?

Prof. Gardiner—No. One of the variations between QUT's position and that of the AVCC was that the AVCC extolled the virtues of the Indigenous support packages; we thought they were appalling in terms of their breadth and coverage and what they would do ultimately to significant groups of the population. Our strategy at QUT over recent years and since those changes has been to get good students in and to try and retain them to completion. We have not gone for bulk, but we have tried to support students coming in—including through our Q-step program, which looks at them in year 10 of high school—and then tried to work through students who have a capacity. We think the support levels are not appropriate to this population.

Senator CROSSIN—Do you have any Indigenous staff employed at QUT?

Prof. Gardiner—We have a number of Indigenous staff and we think the number of scholarships available nationally—

Senator CROSSIN—There are five postgraduate scholarships. Is that right?

Prof. Gardiner—is tokenism.

Senator CROSSIN—Thank you.

CHAIR—Thank you very much for appearing today.

Prof. Gardiner—Thank you for the opportunity.

[2.16 p.m.]

FENTIMAN, Ms Shannon Maree, Education Director (Elected), Queensland University of Technology Student Guild

JANSEN, Ms Jodie Robyn, President (Elected), Queensland University of Technology Student Guild

PETERS, Mr Michael, Carseldine Campus Director (Elected), Queensland University of Technology Student Guild

SNOW, Mr Shane Bradley, Education Officer (Staff), Queensland University of Technology Student Guild

GUILLE, Dr Howard, Queensland State Secretary, National Tertiary Education Union

CHAIR—I welcome the various representatives from the Queensland University of Technology Student Guild and the Queensland National Tertiary Education Union. Do you have any comments to make on the capacity in which you appear?

Mr Peters—I am currently the director of the student guild for the Queensland University of Technology Carseldine campus, which is a small outer suburban or regional, if you like—if we can be grandiose about it—university campus. I am also, as of last Monday, secretary-elect of the student guild for 2004.

Ms Fentiman—In addition to being Education Officer (Elected), I am also president-elect of the student guild.

CHAIR—The committee has before it your submissions Nos 288 and 269. Are there any changes you would like to make?

Ms Jansen—No. There are no changes to our current submissions.

CHAIR—The committee prefers that all evidence be given a public, although the committee will also consider any requests for all or part of your evidence to be given in camera. However, I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement. How would you like to do it?

Ms Jansen—We are going to split our time for opening remarks between me, as president of the student guild, and Dr Guille. I shall start off. As I said before, I am the current President of the QUT Student Guild. I would like to make a few general remarks. Considering that I am here both in my capacity as a student and also representing other students, I would like to outline my experiences of university, which I do not think are remarkable by any means. They are also the experiences of many other university students.

I am the first person in a very large extended family to attend university and am one of only a handful to have actually completed year 12. I have studied arts and law, which is a double degree; it is a five-year course. I am currently in my sixth year of university, and I will finish my studies next year. So it will take me seven years to finish my course, which is normally completed in five years. During my time at university I have also taken part in a wide range and a large number of extracurricular activities, which is fairly obvious considering that I am here as the president of our student organisation on campus. I believe that my experiences in extracurricular university life have both informed and complemented my studies. My experiences at university, I believe, will make me a valuable asset to society.

On behalf of the QUT Student Guild, in summing-up our submission, we quite firmly believe that, if the package that the government is proposing is passed, future students will be denied the opportunities that I and also many other university graduates in this country have had. We believe that being a university student is a unique time in a person's life, whether they are a young person, a school leaver or an older, mature age student. Being a university student presents a lot of opportunities for self-exploration. It is a unique time, where you have opportunities to explore new fields of knowledge, to explore one's self and one's views of the world and to explore the nature of our society and the world around us. It is often a time of personal growth and development. We believe that these experiences of university are essential to a fully, well-rounded university experience. We firmly believe that the proposals of the government, which include everything from the control of universities and what courses universities offer, to increased fees, to the learning limit and to voluntary student unionism, will take away the opportunities that I have just spoken about.

Dr Guille—I will be brief. First, it is important to say that the National Tertiary Education Union believes that it is important to appear with the student organisations and to emphasise the collegiality, which is the essence of university education. Second, I make three additional points which perhaps go beyond the submissions. The first point is to put on the record our grave concern about the paucity of the provisions for Indigenous staff and students in the Commonwealth's package. I attended our Queensland Indigenous caucus. We have about 55 Indigenous members throughout Queensland. There were, I think, seven there and all of them believed that they should have a claim for one of the five Indigenous staff scholarships proposed by the government. To give you some idea of the paucity, all of them were equally appalled by the fact that the extra scholarships will be worth \$2,000, which will be less than the HECS top-up fee likely to be charged for law or commerce.

The second point is one that concerns the NTEU, and that is the way in which the government in its proposals is pressing to extend public subsidies to private institutions, particularly in the new form of FEE-HELP. I would refer you to, for example, the submission by the University of Notre Dame, which presumes that FEE-HELP will replace the current Postgraduate Education Loans Scheme—in other words, it will move immediately to the undergraduate arrangements. There is a particular concern about this in Queensland, of course, in that the Christian Heritage College at Mansfield has to our knowledge had one postgraduate student who has graduated and they were given access to PELS last year. So we are concerned about the private institutions.

More importantly perhaps and directly facing the NTEU is the joint statement made yesterday by Ministers Nelson and Abbott, which sets out the higher education workplace relations requirements. I note that these are conditions to access the 2.5 per cent increase to the

Commonwealth Grant Scheme. They will require agreements to permit Australian workplace agreements for any employee. They require workplace flexibility and direct relationships. I note that in fact the NTEU, along with the other unions in the sector, no longer will be treated as a union but, according to this document, will be treated as a third party. We are third parties to be kept out. It says, 'Third parties—for example, union representation.' So I presume that if I were to appear in my very part role as an academic, I would not be appearing as a union representative, even though everybody knows that I hold elected union positions.

In our view, this proposition involves a very high level of interference. It is directed at ending the collective bargaining arrangements that characterise all Australian universities, public and private. It is also an attempt to directly limit the ability of unions to act for their members. According to the document of yesterday, a union will not even be able to submit a grievance or dispute without having to name the person for whom it is submitting that dispute. Even if that person is being bullied, I imagine that we will not be able to say, 'We believe there is bullying occurring in this part of the workplace; we wish you to investigate it.' We will actually have to name the people who are the victims so that someone else can perhaps ensure that they are protected.

Finally, we believe that all of these pressures are about reducing conditions—and not just the obvious conditions; this is not just a question of flexibility in pay. The enterprise agreements in universities are relatively unique, in that, for example, almost all the agreements provide statements of academic and intellectual freedom. That is where academics and other staff get protection against pressures to do certain research or to teach some things and not others. They are vested in the enterprise agreements. So, too, are the other important protections, which are those against dismissal. All of those are vested in agreements, and we believe that it is those—as well as the questions of flexibility in pay—that the government is after.

Senator MOORE—I congratulate the new office-bearers. This is the first formal function in your new positions. I asked a group of people this question yesterday, and I would like as many of you who choose to to answer it. How would you respond to the allegation, which we have heard, that you as elected student representatives—and you, Dr Guille, in your longstanding position—are in fact the usual suspects who turn up to occasions such as this to respond negatively to a perfectly reasonable government proposal based on budget?

Mr Snow—I have spoken to a number of students over a period of time, and they have all expressed the same sorts of concerns that we have expressed here. Those students come from a wide range of backgrounds and socioeconomic status groups, and it seems to be the feeling on campus that they are genuinely concerned. When we go into lecture theatres and talk to students about what is being proposed, you can see people's shocked faces—there are gasps; jaws drop—and people are genuinely concerned and riled about what is happening. We are not just one small section; we represent a lot of people whom we have spoken to. We have spoken to hundreds of people over the last few months, and they have all expressed their concerns about what is being proposed in the package.

Ms Fentiman—In the last few weeks we have been campaigning, which means that from seven o'clock until six o'clock every day we have been out there talking to students. I must have talked to hundreds of students, and their No. 1 concern was this legislation. They wanted to

know what we were going to do about it. They wanted to know whether it was a winnable fight, what we could do, what was happening on the campaign—that was their No. 1 concern.

Ms Jansen—I would not say that we were the usual suspects; I would say that you could expect us to be at an event like this and to be making submissions. You could expect that because that is our job; that is what students elect us to do. What they expect of us is to make submissions on their behalf, and that is what we are doing and what we are here to do. Also, I think that you can note that in our submission we have included the results of a survey that we did with students. So these are not just the views of a few student representatives; they are the genuinely held views of the majority of the students that we represent.

Mr Peters—Further to that, if I may give a viewpoint: it is quite bemusing to hear that about the usual suspects. I have been in the student guild since March. You might have noticed that I am a mature age student—only just, of course—but the fact is that I would not be here under this new system. I cannot afford a \$158,500 mortgage plus the \$50,000 government loan plus the balance. Who would lend me money after this? In fact I would like to go further: I suggest to you that I am here as part of the student guild, despite being a former small business owner, state manager et cetera. I am here as a direct result of the social injustices that I have seen at university despite having been in small business and out in the work force and in senior management over a period of years.

Dr Guille—I just think it is a responsibility of office. Whether the views I put are views which are accepted is actually tested every four years, instead of every six years on your side. It is a responsibility of office. It is one that, if you are—

Senator CROSSIN—It is three years in the Territory.

Dr Guille—Sorry.

Senator CROSSIN—Some of us are more accountable!

Senator MOORE—I just have one other question. You mentioned the fact that you have been talking to students. Before you actually draw the issue to the attention of students, is there a wide understanding of the changes in this legislation and the impact of the changes that have been discussed? This is impacting on this particular group in society, and I wonder whether people outside meetings such as this are aware of what is going on. Before you actually engage the students, do people know what is going on?

Ms Fentiman—They have a vague idea. They have some idea—probably from what they have read in the paper, or if we have gone to a lecture that they have been or something like that. Most of them want more information—they ask: ‘Where can I find out more? Really—this is going to happen?’ They do have some idea. I cannot say I know everything in the legislation yet; it is quite complex.

Senator MOORE—We do not either.

Ms Fentiman—So it is really quite hard to try to get out there and talk to students about exactly how it will affect them. Most of them want more information.

Senator STOTT DESPOJA—I preface my first question with the fact that I am a staunch opponent of VSU, but I want to know if you have conscientious objection clauses in your university and in the constitutions of your university student guild, associations and unions?

Ms Jansen—Our university does have provisions for conscientious objectors. We do not have the provision in our own student guild constitution, but it is governed under the university ‘Manual of policy and procedures’—the famous MOPP. So we do have conscientious objector provisions. At QUT, out of approximately 36,000 students, there are currently 40 conscientious objectors.

Senator STOTT DESPOJA—Is everyone covered under MOPP?

Ms Jansen—Yes, it does cover everyone. I believe the procedure is just to write to the registrar and demonstrate that you have a genuine religious or philosophical objection to being a guild member. You pay a fee, which is equivalent to the student guild fee, and that goes into a vice-chancellor’s fund.

Senator STOTT DESPOJA—That sounds interesting. It was really good to receive a submission that tackled some issues in relation to student poverty. The glaring omission in this policy framework is student income support. I am not sure to whom to address this—I am quite happy to have everyone’s views—but I am wondering, first of all, if you would be prepared to elaborate for the benefit of the committee on some of the evidence you have found that relates to how students are living in actuality. We have received a number of submissions that tell some horror stories about student poverty levels, lack of income support and indeed the amount of time students are working in paid work per week in order to put themselves through university. I just do not think a clear picture has been made available to government, despite AVCC and other surveys. Could you give us some views?

Mr Snow—We can look at some of the statistics. For example, ACOSS put out a report that said between 20 per cent and 39 per cent of students were living below the poverty line. That is a terrible statistic—that is over one-third of students. Also, a survey put out in New South Wales said 10 per cent of sex workers in that state were university students. Obviously, they would not be resorting to that unless they were in abject poverty. That gives you some sort of indication of what they have experienced. We also get a lot of mature age students who express great concern about the inequalities that exist between being on unemployment benefits, for want of a better term, and going back to study. They have told me that people say, ‘We should try to improve ourselves and go back and study, but to go back and study is actually a disincentive because you lose things like rent assistance, for example.’ That is a source of much concern amongst mature age students.

Senator STOTT DESPOJA—Do you have a united view on what the independent age rate should be? Should it be 18 or 21, or 22 as it was under Peter Baldwin; it then went up to 25. Is there a united view on that?

Ms Jansen—The age of independence should be 18.

Mr Peters—Absolutely. I think it is disgraceful. We are supposed to be a liberal society, aren’t we?

Senator STOTT DESPOJA—I am afraid so.

Senator MOORE—I think that is a small ‘I’, Mr Peters.

Mr Peters—That is right. That is a social liberal. I will give you a couple of empirical, personal examples. I know of one mature age student living in their car. Also a personal friend of mine is living from house to house. Before she started house-hopping, Austudy covered her rent. I said to her, ‘My goodness, how do you feed yourself?’ She replied, ‘My mum helps me.’ That is widespread. I have to put my hand in my pocket, if not on a weekly basis, at least three or so times a month. At our barbecues students do not have the \$2 to pay me for a burger and drink deal, which we provide at our Carseldine campus. That is just to feed a few people, in acknowledgement of some students’ lack of funds. I think that encapsulates the level and prevalence of it. It is not hard to find poverty.

Mr Snow—I would also like to state that the AVCC’s own stats show that, offhand, almost 30 per cent of students miss classes because they are working. Again, that is a disgraceful situation. Also, 70 per cent of full-time students are working two days or more per week in order to survive. It is very difficult to get a degree and work. Often these people are trying to look after families. It is a very difficult situation which they are placed in. The student guild has done surveys where 62 per cent of students have said that they were forced to work in order to survive.

Senator STOTT DESPOJA—If we leave income support aside and look at the potential for increased fees and charges through either the HECS increases or up-front, full-cost fees, what is your message to us? Is this sustainable? Do you think students at your institutions are in a position to cope with that cost?

Mr Snow—Let us look at the situation with the HECS rate that people pay now. For example, statistics from the Department of Family and Community Services show that HECS is acting as a disincentive for people taking out home loans. A study done by the New Zealand students association said that the No. 1 reason finance was rejected for home loans was student debt. Also, a study done at Monash University said that, between 1981 and 1996, even though the home purchase rates for people between 25 and 34 had decreased by, I think, 10 per cent, education attainment had increased by nine per cent. So there is kind of a correlation. Despite the fact that these people are going to university and being educated, the actual rate of home ownership has decreased.

There was a study carried out at the University of Tasmania which also had evidence demonstrating that HECS debts were already acting as a disincentive for graduates starting families. There have also been studies done overseas; there was a study done in the UK which said that fear of incurring debt was a key factor in those from disadvantaged backgrounds deciding whether to undertake a university education. I do not imagine it would be any different in the Australian situation. The study also said:

Prospective students with tolerant attitudes towards debt were one and quarter times more likely to go to universities than those who were debt adverse ...

I cannot see the situation changing. Again, if you increase the HECS debt, there is not much doubt that it will continue to act as a disincentive for people from lower socioeconomic backgrounds to undertake university education.

If you add to that the fact that there are going to be up-front fees then it is going to be very difficult. Looking at the statistics from when the government introduced postgraduate fees, there was a study done in 1995 that listed the percentage share of equity groups, and the percentage share that were going to university was much lower than would be expected. For example, from the expected population you should have had 25 per cent of postgraduates undertaking study, but the actual percentage was just over six per cent. Again, in the case of Aboriginal and Torres Strait Islanders, they were 1.4 per cent of the population but only 0.51 per cent were actually undertaking postgraduate studies that required fees. I cannot see why it would not be the same situation with undergraduate fees if they were introduced—that is, why people from lower socioeconomic backgrounds would not have a disincentive to undertake study.

Senator STOTT DESPOJA—That is a great example of the market not working, isn't it?

Ms Fentiman—Looking at our own survey results, on page 9 of our submission, 46 per cent of students surveyed stated that they:

... would not have enrolled in their current course if the HECS rate had been 30 % higher and 24 % of students believed they would have enrolled in a cheaper degree and 28 % said they would not have attended university at all.

Senator STOTT DESPOJA—Thank you, they are interesting statistics. Dr Guille, I would like to ask you a question—I am happy for you to take it on notice; indeed, other people may wish to. There is an ongoing debate about the amount that students in Australia pay towards the cost of their tuition in Australia. You have no doubt heard the figures bandied about by the minister—anything from around 25 per cent to around 27 per cent. Statistics that I have seen indicate that that is not the case and that when you take into account up-front discounts and research grants students are paying a much higher proportion of tuition costs. Do you have any information, modelling or statistics that you could provide to the committee about your understanding of the amount that students contribute as an average or by discipline?

Dr Guille—I will take that on notice and I will make sure that that is provided. From memory, the useful figures are the amount of student funding compared to public and philanthropic funding. My understanding—this is on numbers from about a year and a half or two years ago—is that Australian undergraduate students are paying a higher proportion of the cost of their undergraduate courses than students, excepting those in the Ivy League universities, in the United States. If you compare public with public or public with quasi-public, students here are paying some of the highest rates in the OECD and higher rates than those in the United States.

Senator STOTT DESPOJA—Without the actual statistics, would you dispute the 25 per cent figure that the minister has used?

Dr Guille—I think the figure I have heard was closer to 33, but I need to check that.

Ms Jansen—I have some figures that have been provided by the National Union of Students in a briefing paper that they have produced. It is by discipline group, with a percentage of the

contribution at the current HECS rate and also the figures for percentage of student contributions if the fees were increased to the maximum 30 per cent. I remember them specifically, because I was very interested to look at what my degree was. Under the current rate of HECS, law students contribute 81 per cent of the cost of their degree. If the fee increases or the deregulation is introduced and universities do in fact increase their fees by the full 30 per cent—such as Sydney University has already said it will do—law students will be paying 105 per cent of the cost of their degree. Law students, as one example, will be paying more than the cost of producing their degree. Currently, the figures for other disciplines are: accounting, commerce and economics, 69 per cent; humanities, about 48 per cent; and the lowest are engineering, science and surveying, which are at 25 per cent. The other figures range from 29 to 44 per cent.

Senator STOTT DESPOJA—Thank you. That is very helpful.

CHAIR—Senator Nettle.

Senator TIERNEY—Chair—

CHAIR—We have skipped you. We will come back to you.

Senator TIERNEY—No, you have not.

CHAIR—Hang on: I have not asked any questions either, John. You have been out of the room, and I think it is appropriate to go to Senator Nettle.

Senator TIERNEY—I have been doing what you have been doing on the media. There is no difference.

Senator NETTLE—It is actually good that you are back—

Senator TIERNEY—Order! I thought we had an agreement that the senators who were on the committee were going to ask questions. I thought that was an agreement.

CHAIR—That is true—

Senator CROSSIN—They have to be here in the room, Chair.

CHAIR—but what I have indicated to you, Senator Tierney, is that you were out of the room. I am not fussed by why you were out of the room. I am just indicating that we had two senators ask questions—one, Senator Stott Despoja, very briefly. I have asked Senator Nettle to ask a question. You will get an opportunity. I have not asked any questions either.

Senator NETTLE—Thank you. It is actually good you are here, Senator Tierney, because I wanted to ask the students a question about governance, and you can correct me if I wrote down wrongly something you said earlier today when questioning the Queensland government about business representatives being on the boards of university councils. What I wrote down was: ‘more people who are aware of how these things should work’. That was the comment in terms of having business representatives on the university council. I am wondering if you can tell me

about the contributions that students and staff on your university council have made and what they bring in terms of how things should work at a university.

Ms Jansen—I would probably be the most appropriate person to answer that question, because I am currently a member of QUT university council. Without wishing to breach confidences—obviously, things discussed in council are held in confidence—I think I can say that it is the feeling of many members of the university council that students and staff often make the most valuable contributions to discussions that happen at a university council. Both our chancellor and vice-chancellor do appreciate and encourage the student members of the council to contribute. I think I am also free to say that the private, or business, representatives on university council often feel—and have said—that they do not make as valuable a contribution to the deliberations. Often they do not have the experience and the information to contribute as greatly as they would otherwise like to, or as greatly as do staff and student members of council.

Dr Guille—I have had no direct involvement on councils. I know of the contribution that staff make; I know of the contribution that community people make. I am intrigued. I see no problem with people from a business background, but I would have preferred the government to have been a bit more catholic—for example, requiring an Indigenous representative. I know some councils in Queensland, such as QUT, have people from broader community perspectives. Even third parties may have some interest in being on university councils. The notion of just business is somewhat simplistic.

Senator NETTLE—I have two more questions, if that is okay, Chair?

CHAIR—Will you make them short.

Senator NETTLE—Dr Guille, one of my questions relates to comments that you made before in relation to extending PELS to private providers. As you would be aware, I am very concerned about this privatisation aspect of higher education. Would you be seeking that the Senate revisit such a proposal and vote a different way in relation to the extension of PELS to those private providers, particularly those in Queensland?

Senator STOTT DESPOJA—Not all of us vote a different way!

Senator NETTLE—That is right.

Dr Guille—The issue has to be divided into those institutions which have fulfilled the national protocols with regard to being a university. It has become very difficult to say, for example, that Bond University or Notre Dame are not full universities, in the sense they have gone through those processes. I am concerned, however, about public subsidies being provided even to the private universities. We are more concerned about the growth of second-tier franchise type institutions, of which there is a number around this area of Brisbane, and whether they should receive public subsidy. As I said, some of the Christian fundamentalist ones have not fulfilled the test of being a university.

Senator NETTLE—My last question relates to our term of reference with regard to alternative policies. There are certainly people represented here whose parties oppose student fees and call for that contribution to come directly from the Commonwealth. I was wondering if

you have any comments on that, particularly on how you think that might change the nature of QUT and other universities.

Ms Jansen—I want to make sure we understand the question. Would you like a comment on some of the alternative policies that have been put forward and what impact they would have on the nature of higher ed at QUT?

Senator NETTLE—Yes, that is right. That is one of our terms of reference. The Greens, for example, oppose student fees—as do others here—and I am specifically asking you about that.

Ms Jansen—Obviously, as the university submitted earlier, there is a desperate need for the injection of funds into our university system for the quality of education at QUT and elsewhere to even simply continue at the rate that it is currently, let alone actually improve. We believe there needs to be a significant injection of public funds. I noted a comment made earlier about how Labor's policy of abolishing student fees would impact on QUT. The answer to that is that Labor's policy is to abolish full upfront fees and that would have no impact on QUT at all, because QUT has not yet taken up the option of having full fee paying undergraduate students.

Mr Snow—I would also like to say something. Statistics at the moment demonstrate that QUT is not performing particularly well with regard to the lower socioeconomic groups in its catchment area. The 2001 statistics, for example, showed that in the catchment area for QUT 23.6 per cent of people were from lower socioeconomic backgrounds but that these people comprised only 10.9 per cent of the enrolment at QUT. Four per cent of the catchment area had a disability, but only 2.8 per cent of the students enrolled at QUT have a disability. The catchment area had an Aboriginal and Torres Strait Islander population of 2.6 per cent, but they comprised only 0.86 per cent of the enrolment at QUT, on 2001 figures. I would assume that if it were made even more difficult for these people to access higher education through the introduction of fees or increased HECS debt the percentage of enrolment of lower socioeconomic groups would actually decrease at QUT when we are already coming from quite a disappointing background at the moment, based on 2001 statistics.

Ms Jansen—I guess the reverse of that would be policies which seek to lower student contributions. Lower student fees will result, hopefully, in QUT having a better performance in encouraging the people in our catchment area from lower socioeconomic backgrounds, from Indigenous backgrounds and also from rural and isolated backgrounds to actually attend university.

Senator TIERNEY—A majority of the submissions from student organisations have called for a return to higher ed that was almost all government funded. Given how things have changed in the last 20 years with the HECS system—introduced by a Labor government, then developed by the Labor government and then continued further—and given that the two alternative parties are not going to abolish HECS and have introduced a range of other measures, I just wonder how realistic this is. Why don't we put that debate behind us, because politically this does not seem to be realistic?

Dr Guille—If I may answer, I would pose the question a slightly different way. If HECS continues, the question then becomes: does HECS capture enough of the private benefit that is gained by a person who takes on higher education? If it does—and I tend to think, on balance, it

probably does—given that that HECS arrangement is higher than that in most OECD countries, the argument for increasing the contribution or the payment made by students in whichever way is less easy to justify.

Senator TIERNEY—But my question related to what is in the submissions, and the submissions are saying we should roll back.

Dr Guille—I was accepting your point of saying, ‘Let’s put that away and come to the present.’ If we come to the present, you will then have to justify—

Senator TIERNEY—Okay. Perhaps some of the students would like to respond to my points on this because, whatever university I go to, I talk to student groups and they all raise this. It is a 20-year-old debate, really.

Ms Jansen—I am wondering, Senator Tierney, whether you have read our submission, because our submission does not actually state that. It does not have any comments about rolling back—

Senator TIERNEY—No, I did not say that; I said ‘a majority of the submissions’ we have received. I just wanted you to comment.

Ms Jansen—On whether it is a realistic debate?

Senator TIERNEY—Yes.

Ms Jansen—I believe there is still a realistic debate about whether students should be contributing to the cost of their education and how much they in fact contribute. Simply because we have had HECS for a number of years in this country does not mean that we cannot still have that debate. There are a number of other countries in the world that have either free education or very low fees, and I am not going to state a view on either of those options at the moment. The fact is that it is definitely a relevant debate.

The research suggests that Australia is a very high student fee and low private benefit country. For example, in Australia, those with university qualifications earn about 36 per cent more than those with a secondary school qualification only. That is compared to an OECD average of a 60 per cent higher income. Countries that have a similar position to us, with similar low rates of private benefit, all compensate their students for that—these are mostly Scandinavian countries—by having either free education or very low student fee arrangements.

Senator TIERNEY—They also have 50 per cent tax rates. That is how they do it.

Mr Peters—And a lower death rate too.

Senator TIERNEY—If you live there. There is a whole lot of other factors, I am sure.

Ms Jansen—There are other Western nations that have systems like ours, with comparative graduate benefits, that have systems that are quite different from ours, and there is obviously still room for debate in this country. That debate should still be had and should not be dismissed.

Senator TIERNEY—I do not deny there is room for debate, but you are not aware that our system of HECS is considered world's best practice in other countries and they are adopting that as a much better approach.

Mr Snow—All governments have options about what they decide to spend or not spend money on. If the \$4 tax cut that is being proposed were given back to the higher education sector, how far would that go towards eliminating fees or perhaps even eliminating HECS?

Senator TIERNEY—You could give it to roads, health, welfare, anything.

Mr Snow—Yes, but you have options. The government's option is not to give it to education. It is okay to say, 'We won't give it to education because we won't have free education.'

Senator TIERNEY—It is possibly because the public have a view that they want taxes down rather than up.

Mr Snow—I would assume that, if you asked the public, most people would prefer to give up a \$4 a week tax cut in order to have free education. The people I have spoken to have all said the same thing to me.

Senator TIERNEY—I will just raise another point that came out of the discussions here on private university provision. If you go to the United States, for example, a third of the sector is private. In Australia we have this rather curious situation where a quarter to a third of our school system is private, we have a lot of private provision in TAFE at the moment, and yet when it comes to universities there seems to be some view that we should draw a line around them. Wouldn't we be in a position to perhaps better meet more student need at a lower public cost, on average—because there would be more private money—if we allowed the tiny sector of private higher education to expand a bit? There seems to be some objection to it even existing. I have difficulty understanding why that would be the case.

Dr Guille—I did not object to it existing; I just object to it receiving public subsidy.

Senator TIERNEY—Do you object to schools receiving it?

Dr Guille—Yes, actually I do.

Senator TIERNEY—Do you? Okay, we understand your position.

Dr Guille—Undoctored as well.

Senator TIERNEY—Of course, that is not going to be changed by any of the major parties. But it is just an inconsistency. We do it in primary and secondary; we do not do it in this sector.

Dr Guille—It is not an inconsistency.

Senator TIERNEY—If we do it in primary and secondary and we do not—

Dr Guille—I said I did not object to universities—such as Bond and Notre Dame—which have fulfilled the full protocols. I do object to narrow providers who essentially are either meeting an ideological purpose, be that religious or otherwise, or they are cherry picking. There are proposals in this state at the moment to bring in students from overseas with two-year associate degrees and badge them in an Australian university. If those proposals get up, that university will also be seeking public subsidies.

Senator TIERNEY—Of course, they would have to meet the standards that we have. We have a major infrastructure to actually test all that. Any institution receiving public funding would have to meet those standards.

Dr Guille—What standards were applied to the Tabor College and the Christian Heritage College when they were put onto schedule B of HEFA last year? There were no standards applied, because they are not full institutions.

Senator TIERNEY—That was because that was under a state accreditation system.

Dr Guille—Will those institutions, as Notre Dame was saying in a submission to you, automatically move from being able to receive public subsidies via PELS—which was for postgraduate—to being able to receive a public subsidy through FEES-HELP, because PELS will be abolished?

Senator TIERNEY—Any institution that meets the required standards that are set down should be able to have a place in the system. My broad point is: why are we objecting to people who want to put more money into private education? As we do it in primary, secondary and TAFE, why are we objecting to it in the universities sector? It just does not make any sense logically. Of course you are saying you object to the others anyway.

Dr Guille—Yes.

Senator TIERNEY—That is your ideological position.

Dr Guille—No, it is actually a strong, practical public policy argument—

Senator TIERNEY—We could go into that debate for several hours and I do not think we will do that.

Dr Guille—That is for another place, but I must say—and I cannot resist this—

Senator TIERNEY—I'm sure you can't.

Dr Guille—it may well be easier for my union in the future to deal with private universities such as Bond than it is to deal with public ones because of the rest of your legislation, which I find a real irony.

Senator TIERNEY—Well, I am sure you would embrace the legislation.

CHAIR—Given that there is this current round of negotiations under way in Queensland, what impact will the press release that was issued yesterday have on those negotiations? I say that in the context of the last attempt to impose these sorts of conditions, which the government now acknowledges failed dismally. Won't this fail too?

Dr Guille—I think one has to leave aside the question of it failing. I think it will fail in its grand logic of introducing flexibility and so forth. The first part of your question is very important: what effect will it have on current negotiations? There are seven public universities in Queensland. Negotiations for this round of bargaining are very advanced at five of them, somewhat advanced at one and will move quite quickly at the seventh. I draw the point—and this can be checked by the university witnesses that you have had—that this enterprise bargaining round has been much more productive, much more an exchange in the manner of 'Let us deal with the real problems facing particular institutions' than the previous one. The previous one was wrought by tension, by extensive industrial action and planned industrial action.

James Cook University, which is probably the most advanced, in the last round had two weeks of industrial action and then voted to take indefinite industrial action because that management felt that it had to deliver on the government's workplace reforms. They did not, and we eventually got an agreement. This round, that has not been there. We have been proceeding mutually between the unions and the management. Negotiations start again in about two weeks time. I expect the first thing to on the agenda to be: how are you going to react to this set of proposals, given that that is a relatively poorer institution? It is going to put a dampener on what have been relatively useful negotiations in my view and from the union's point of view—and we have not yet had a chance to discuss it with delegates and members, but my expectation is that in our high-density membership areas, which is most of Queensland, there is going to be a very strong and negative reaction to this list of demands.

Senator CROSSIN—Dr Guille, how many universities across Queensland have raised the issue of wanting to put AWAs in enterprise agreements up until now?

Dr Guille—None. I would like to put on record that I took part in the so-called high-level discussions on crossroads, which were run in Queensland by Dr Shergold, who was at that stage the head of DEST. It was attended by vice-chancellors' representatives from every university. He went around the table in my presence and in the presence of the student union asking them whether they wanted AWAs. Every one of them said no.

Senator CROSSIN—One would have assumed that if they were the cornerstone of making universities more flexible and productive they might have been on the table four or five years ago and that university vice-chancellors would have been champing at the bit to use them.

Dr Guille—My discussions with vice-chancellors, deputy vice-chancellors and human resource directors have shown that it is an impossibility to put something like 5,000 full-time staff—such as there is at the University of Queensland—each onto an Australian Workplace Agreement. The minister does not seem to understand this. Given that there are collective agreements in place, a person who refuses an AWA remains on the collective agreement.

Senator CROSSIN—Would it be fair to say that there is a common view amongst the vice-chancellors in Queensland that putting five, 10 or even 100 staff on an Australian Workplace Agreement actually has no link at all to the flexibility or productivity of the university?

Dr Guille—No. They met commonly, but it is a view that each of them at various times has expressed.

Senator CROSSIN—How restrictive has the government's workplace reform program been in your enterprise bargaining discussions in the last two rounds? The case was that universities had to include at least nine of the 12 items in their enterprise agreement—a government-led pattern bargaining agenda, in fact. What restrictions did that place on your enterprise agreement negotiations?

Dr Guille—It made life tedious and unnecessarily difficult for both sides in the bargaining.

Senator CROSSIN—Why was that?

Dr Guille—Simply because neither side had any interest in most of the matters that were on the table. My discussions were not so much with the vice-chancellors but with personnel directors and human resource management directors. They were the ones who had to spend weeks writing the application for the two per cent. I would say it was costing them half a million dollars simply to make the application to Canberra, and they were doing 60 or 70 pages of creative writing—they could well have got degrees in creative writing at the end of it.

Senator CROSSIN—I have a question for the student guild. Have you done any studies on the impact of these changes on women, particularly mature age women, returning to study or entering study for the first time? Has anything come out of NUS that might assist? Do you have any comments about that?

Ms Jansen—We have not done specific research ourselves, but we know and have been speaking to women about how this package will impact specifically on women. As I said, in the survey we conducted, 27 per cent of respondents were identified as being mature age students. So QTE does have a very high percentage of mature age students.

Senator CROSSIN—Did it also indicate the number of females who responded to your survey?

Ms Jansen—Yes. I believe 55 per cent were female respondents. The impact that mature age students and women in particular believe it will have on them is reflected in the very high percentage of people—46 per cent of respondents—who said that they would not be studying their current degree if they had a 30 per cent higher HECS debt. I was actually quite surprised that the number of people who would not be studying their current degrees was so high.

Senator CROSSIN—What sorts of concerns did they raise about this package?

Ms Jansen—A number of them have raised concerns especially about the pensioner education supplement, which I believe has now been changed. We do believe that that is a good thing. Many of them were the primary care givers for their children and did not believe they were in

any position to earn any income over the holiday period, particularly because many of them use the student guild's child care facilities. Due to other things, our child care facilities do have to shut down around Christmas for a couple of weeks in the year. They felt that they would be without child care during that period when their benefits would be cut off as well. Many expressed concerns about exactly that issue—child care—and whether, under voluntary student unionism, there would be any child care available on campus at all. I can definitely say, as the president in charge of a student organisation, that child care is not a profitable area for us at all. In fact, it is a hugely subsidised area.

Senator CROSSIN—Were the issues of length of time of study and capacity to repay their debt also raised?

Ms Jansen—Yes, they were also issues that many of them raised. The majority of students undertaking degrees such as psychology and nursing are women. If you wish to practise psychology you must undertake postgraduate study. Many of the women currently studying psychology were extremely concerned about whether they would actually be able to enter their chosen profession, due to their inability to pay the huge fees and take out the huge loans that would be needed for them to undertake the postgraduate study in order to actually practise as psychologists. It is the same for nursing. If you wish to specialise in a field of nursing you must undertake postgraduate study. Many of them did understand how those things would impact on them and were very concerned about the impact, especially in those areas of postgraduate study. They were also concerned about the amount of time it takes—for many of them to complete a degree they have to study part time and work part time—and the level of debt that they would be saddled with when they did achieve their qualification.

Mr Snow—I would like to add one thing. A survey done in 1991 by NBEET—I cannot remember what it stands for—revealed 20 per cent of single parents thought that HECS was 'likely to frustrate their intention to participate' in higher education. That is based on 1991 HECS figures. Twenty per cent of single parents back then said that HECS was going to frustrate them, so who knows what the figure would be now with these increased charges.

Senator STOTT DESPOJA—Why do you think they got rid of NBEET?

Ms Fentiman—As I recall, the current figures coming out from NUS show that something like 33 per cent of women have a HECS debt when they reach 65, compared to only 9 per cent of men. That is for various reasons, including lower paid jobs and taking time out for family reasons. So increases to HECS—

Senator CROSSIN—It means women will have to live longer to pay off the debt!

Ms Fentiman—That is right.

CHAIR—Or they do not pay off the debt. Is that the other implication of what you said?

Ms Fentiman—Yes.

CHAIR—That is actually a good deal, isn't it?

Ms Jansen—But until the age of 65 HECS is continually taken from their income.

CHAIR—Thank you very much.

Subcommittee adjourned at 3.17 p.m.