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SENATE
EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
REFERENCES COMMITTEE
Subcommittee

Wednesday, 24 September 2003

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

Subcommittee members: Senator Carr (*Chair*), Senators Crossin, Stott Despoja and Tierney (*As per most recent Senate Notice Paper*)

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

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Subcommittee met at 9.11 a.m.

COOPES, Miss Amy Jean, President, Charles Sturt University Students Association

DAVIES, Ms Diane Jane, Research/Liaison Officer, University of New England Postgraduate Association

GRIFFITH, Mr Stephen John, Executive Director, Sport UNE; and Secretary, University of New England Combined Student Organisation

LOKER, Ms Kryssy, President, University of New England Students Association

SARGEANT, Mr Jonathon Gilbert, President, Sport UNE; and President, University of New England Postgraduate Association

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 policy and principles underlying the government's higher education package as set out in the ministerial statement entitled *Our Universities: Backing Australia's Future*. The committee was asked to consider the effects of these proposals in the light of the government's stated intention to deliver policies characterised by sustainability, quality, equity and diversity. The committee is examining the implications of these objectives with particular reference to the financial impacts on universities and students. This includes consideration of radical initiatives in fee deregulation and the expansion of full fee places, both of which are the consequences of the proposed changes to the Commonwealth grants scheme. Other issues that 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 that 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. The 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 attached to the parliament or its members and others necessary for the discharge of parliamentary functions without obstruction or fear of prosecution. Any act by any person which operates to the disadvantage of a witness on account of the evidence being given before the Senate or any of its committees is to be treated as a breach of privilege. I welcome all observers to this public hearing.

I also welcome our first witnesses, from several student organisations. The subcommittee has before it submission Nos 332, 318, 325 and 333. Are there any changes to any of these submissions?

Ms Loker—In the UNESA submission we left out the name of one of the people who contributed to the submission. It is not context.

CHAIR—You could indicate to the secretary the alteration you wish to make. We will alter the records accordingly. We can do that later on, perhaps. The subcommittee prefers all evidence to be given in public, although the subcommittee will also consider any request for all or part of evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I invite each of you to make a brief opening statement of no more than five minutes. We only have an hour to hear the statements and for you to take questions, so please keep the opening statements short.

Miss Coopes—I represent today not only me, my student association and the students of CSU Bathurst, Wagga, Albury, Dubbo, Thurgoona, Goulburn and Canberra but also the communities in which our campuses are engaged, the regions that we enrich and countless young regional Australians whose basic right to education is under aggressive assault by the Howard government.

Like no other industry, education has the ability to provide sustainable development and improvement for a region. As a seven-campus university which spans a series of diverse regional communities, CSU is a unique demonstration of a truly regional university which engages extensively with its regions. This goes beyond the fiscal benefits of employment and economic flow. Regional universities serve their regions. They engage in community projects, provide state-of-the-art facilities for local communities and create cultural, intellectual and human traffic within and between regional and metropolitan centres.

The elusive concept of the Australian identity is often referred to in rural and regional terms. The little Aussie battler was born on a property and, sadly, it seems that the little Aussie battle will remain there. The regressive and draconian Nelson reforms, which create a two-tiered system, deny regional Australians so much. They deny us access to a diverse and equally valuable regional institution which will retain Australians in the regions by choice. They deny many students access to university much more insidiously at square one by pricing them out of youth allowance through a grossly unjust means test, which counts land as an asset. They deny students from low socioeconomic backgrounds the opportunity to escape the cycle of poverty by making education a market driven commodity.

The ‘make the poor pay more’ problem is endemic throughout the proposed reforms. It is a harsh reality that regional universities will be demoted to vocational specialist institutions which will be forced to raise their fees in order to save their reputation or lower their fees to maintain their mission of providing affordable options at the expense of quality and sustainability. There is already a perception that those who charge more, provide more. Emphasising the private benefits of tertiary education furthers such elitist views.

I come from a small campus of 3,000 internal students. Most of these students are the first in their family to attend university. Many come from regional Australia and are ferociously proud of that fact. How dare any government deny our generation the right to rejoice in regional Australia and the vital tertiary institutions which put places like Armidale, Bathurst, Wagga and Dubbo on the map. The motto of Charles Sturt University is ‘For the public good’. This is our mission: to provide what is best for regional Australia. I believe it is also the motto of all the

other regional Australians who I proudly share this room with today. We want what is best for Australia's future. We do not want to live in an intellectual backwater.

International benchmarks are not the ones that count. Having a diverse and excellent university system which is affordable and accessible to all is what any forward thinking government should base its policy on. Backing Australia's Future is not good enough. The Higher Education Support Bill 2003 is not good enough. This is the first real opportunity in 14 years for substantial reforms to be made to an ailing sector. Nelson has not only with this legislation rubber stamped a second-rate system; he has devised it. This is nothing short of a disservice to the nation and a shameful waste of such a critical opportunity.

Mr Griffith—I just want to make three brief points. Specifically, the concern that Sport UNE and the combined student organisation at UNE have is that appropriate indexation of the Commonwealth grant is crucial for UNE as a regional university. Without sufficient funding, the quality of teaching and research and the infrastructure for learning are in jeopardy at UNE. UNE would be disadvantaged under the proposed funding model according to the information provided by our administration.

That is of great concern in terms of the proposal to restrict the university's ability to collect fees on behalf of student organisations. UNE is already struggling just to maintain the infrastructure to support teaching services. It is in no shape to then take over the maintenance of, potentially, 15 hectares of playing fields and the painting and maintenance of buildings that provide student amenities and services. Base funding is critical and needs to be indexed appropriately to meet the ongoing costs of providing services to students in regional Australia. As I am sure our vice-chancellor will say later, the cost of doing business in the bush is significantly greater than it is in metropolitan centres. Just yesterday I was looking at a bank of four lockers that was going to cost \$500, but it was going to cost another \$120 to freight it to Armidale. So those are the sorts of cost that we face, in just a very simple example.

I think the greatest concern in shifting greater costs to students in the funding of higher education is that we are looking at people who can afford to pay rather than at those people who perhaps deserve to be at universities that cannot afford to fund their course. Speaking as a sports administrator, we face this on a regular basis when we are getting teams off to represent at Australian university championships. While we may be subsidising the cost of participation, it is still those people that can afford to go and not necessarily those people that you would like to have in your team out there, and I think that is the greatest concern with this legislation—that we are forgetting the brains and looking at those that have the capacity to fund. That is a great concern.

Then I look at the draconian legislation there that looks at restricting a university's ability to charge a fee to provide a wide range of student services and amenities. At the University of New England our student amenities across our four student organisations are recognised as being amongst the finest in all Australian universities. The services that actually attract students to come to regional universities are in jeopardy, and that then also jeopardises our ability to provide surplus capacity and to support the regional community that values and uses our facilities seven days a week.

Ms Loker—The submission from the University of New England Students Association, UNESA, intends to highlight the specific implications that the Nelson package would have on regional universities. While it is focused specifically on the University of New England, we feel it is essential to view this package in the light of what it would do to the entire university sector. It would shift the concept of what higher education is away from its being a social good and a public service akin to health care, aged care et cetera, creating instead a higher education market in which metropolitan universities are built up to compete in the global market of education while regional universities suffer and struggle to compete—within the Australian system let alone the international system. Therefore, the more positions that are reserved for full fee payers and international students who can afford to pay in this global market, the fewer places are available to Australians, especially Australians from lower socioeconomic brackets.

UNESA is opposed to this mentality of turning higher education into a commodity to be bought and sold. The specific implications for regional universities include their effective downsizing as a consequence of reduced public funding, their forced specialisation and the introduction of a need to focus funds and energy in order to stay afloat, as well as the roll-on effects that this will have on local communities and economies.

The partial deregulation of HECS will create a difficult situation in which regional universities will have to survive. In order to attract students to regional universities they may not be able to raise fees by 30 per cent, which means that straightaway they are financially disadvantaged as compared to city universities, which can counter reduced government funding by increasing HECS to the full extent of 30 per cent. This also offers greater incentive to regional universities to fill their quota of full fee paying students in order to get more money. UNESA is opposed to the increase in full fee paying positions, because it emphasises the ability to pay at the expense of places available for those who cannot afford to pay. Further, this bill may very well spell the end of academic life in regional Australia and may be the coup de grace for regional and rural society as a whole within Australia, leaving those not on the coast or in the city with not only a two-tiered education system where people are accessing budget institutions but also a two-tiered society, as education is the key to breaking the poverty cycle, which is a significant issue in many rural areas.

Mr Sargeant—Thanks for the opportunity to address this hearing. At this point, I would like to reiterate that UNEPA fully endorses the recommendations made by CAPA. I would also like to present a brief summary of the particular impacts that these reforms will have on UNEPA.

UNE is unique in that it is a long-established regional university set in a rural community and forms the lifeblood of Armidale. UNE's relative remoteness to major metropolitan centres provides both challenges and opportunities for the university and surrounding communities, including Armidale, Uralla and Guyra. These communities and the people who make up UNE—the staff and students—are committed to the long-term prosperity of UNE and the region. This is borne through the relationships nurtured through the decades by participants at UNE through employment, study, research, association, use of facilities and access to expertise offered locally to the world.

Unfortunately, it seems that these reforms are likely to be less than beneficial to UNE. UNEPA consider that the proposed reforms are unsuited to our university. Many postgraduates at UNE have received their undergraduate degrees from this institution, and the reputation and value of a

UNE degree now hangs in the balance. UNE has, until now, had an excellent reputation in many research and teaching areas and is continuing to develop and improve its offerings in new and exiting ways.

UNEPA is particularly concerned that debt incurred at undergraduate level and other funding pressures may prevent many graduates from entering postgraduate courses or at least force them to delay their postgraduate work until later in life. Postgraduate course work degrees will take on a greater corporate focus, with access restricted to those individuals sponsored by their employers. Those people who currently take up postgraduate studies after establishing career and family will no longer be able to afford to pursue further studies.

While research is largely ignored in the proposed reforms, UNEPA has strong concerns that these reforms will significantly impact on UNE's ability to attract students to postgraduate study. The financial impost on mature age students will become too great an obstacle and, as research opportunity and attractiveness decrease, the university will be forced to increase undergraduate enrolments in the area of priority or teaching strength, not necessarily research strength, to make up the shortfalls in research income. In other words, UNE will be forced to offer courses that maintain high enrolment numbers. The ability for academic staff to develop their own research profile and attract postgraduate students will be further stifled by the increased undergraduate teaching workload they will have to take on. A natural consequence of this will be that regional universities such as UNE will become teaching universities by stealth.

UNEPA values its postgraduate representative role in university boards and committees and believes it is vitally important to have stakeholders involved in the governance of the university. All four of the UNE student associations have a strong working relationship with this university—one we believe is acknowledged and valued by UNE management. The diverse backgrounds from which students and staff and regional representatives come provide skills and experience, as well as fundamental interest in the future of the university.

UNEPA is able to support and assist many postgraduates we represent through a range of services, and the switch to voluntary funding would jeopardise the ongoing nature of UNEPA's services. Membership of the student associations is probably the most financially sound investment a student will make during and beyond their enrolment. We believe VSU is aimed more at removing control from students than saving them money.

Through the extensive network of internal and external delivery, this university plays an integral role in promoting Armidale to the wider community. The students you see on campus here today are mostly from centres far beyond Armidale. They are here experiencing everything UNE has to offer through tuition and the vast range of services that student associations offer on behalf of the university. These include shuttle bus services, free use of sporting and recreational facilities, after-hours entertainment, food services, bookshops, a cinema, just to name a few. These are just some of the components that make their UNE experience a full one, educationally and socially.

Ms Davies—Thank you for the opportunity of addressing the committee. I can only reiterate what everybody else has said. Jonathon is our president and I have been supporting him. I think the important issues for postgraduates especially are the ongoing financial implications of the new legislation and the likelihood that many people will be removed from the opportunities of

postgraduate education altogether. I think also young people when they start out in life, instead of going into a marriage with a dowry, will go in with a massive mortgage. It is a very poor start to their lives and not one that is going to encourage people to commence with further education.

CHAIR—Mr Sargeant, your submission tell us that the reputation and value of a UNE degree now hangs in the balance. That is a pretty serious proposition. Could you explain what you mean by that and why you think it is the case?

Mr Sargeant—It is a very serious proposition. Essentially it refers to the ability for universities to increase the HECS fees by up to 30 per cent and what effect that could have. This university and the vice-chancellors indicated that, in terms of our market position, we will not be able to do that to the extent that other universities may. In terms of market forces, a prospective student—I would prefer not to call them consumers, but others do—may associate cost with value. The value that UNE provides in the courses available here is currently very strong because of the equity across the university sector, but by differentiating between universities based on cost that association may be implied.

CHAIR—Would anyone else like to comment on that proposition? Do you think that these changes could affect the value of degrees from regional universities, particularly this one?

Ms Loker—Yes, I do agree very much with that, and I think it is not only from the prospective students' perspective but also from the perspective of future employees. I think it just creates a general perception that the city universities, which will be the ones able to up their fees the most, are of better quality, which is not necessarily true, but unfortunately I think that is the way it goes. Also, I think it reflects on the fact that the universities are forced to source their funds from other than public funds.

Mr Griffith—I support some of the comments made by Amy in her opening address. Many of UNE's undergraduate students are from rural backgrounds and are the first to come to university. Families that are struggling to resource their own properties will certainly be disadvantaged in getting students off to an institution with the costs involved with passing on higher fees. Then there is the likely reduction in the attraction of coming to the university if our facilities and services are not appropriately resourced to compete with universities and institutions in major metropolitan centres. All round, I think there would be significant disadvantages to the University of New England under the proposed higher education legislation.

Miss Coopes—Quite simply, I think moving towards a user-pays system is antithetical to the mission of regional universities, which is to provide affordable options to regional students. Shifting towards this system where education is a commodity that can be bought poses a potential risk for regional students who may not have the same access as city dwellers to quality education before getting to university. Introducing 50 per cent full fee paying places, for example, has the potential that students will think that this is an option that they can take in getting into the system. They are already a group that has great difficulty getting out of debt. Leading them further into debt with the simple aim of advancing themselves and getting out of the cycle of poverty is a real issue of concern to regional Australia.

CHAIR—The question of research has been raised. You indicated, Mr Sargeant, that you think there is a process by stealth in the development of teaching-only institutions. It is put to us

that that separation of funding from teaching and research inevitably leads to that position. Is it the view of your organisation that the research reputation of the university here is also under threat by these proposals?

Mr Sargeant—At this point in time, the reputation for research at this institution is very strong, but the lack of ability for undergraduates to continue through to postgraduate study will have a reductionist effect on the ability for research to be carried out. With financial pressures on undergraduate students to pay their debts and, therefore, to get into the work force sooner, they are less likely to be attracted to further research rather than to vocational courses. Over time, there will be fewer opportunities, and the university may be forced to provide fewer resources to research, which is catering only to a few, when their funding income and income structures are based on the number of undergraduate students.

CHAIR—In fact, the package says that institutions may choose to focus on excellence in learning and teaching. Isn't that another way of putting it—that is, institutions are being encouraged to concentrate on teaching at the expense of research?

Mr Sargeant—I think some institutions will be encouraged to concentrate on teaching. The marriage between research and teaching and learning is very strong and it fosters the research component of the university, which enhances the teaching component. I am not aware of any institution that would like to go down a teaching path where it is just disseminating the research of other institutions. It is the strength of the institution to disseminate its own research.

CHAIR—I was speaking to students last night at a function in town, and people drew to my attention a number of examples of students who will not be able to meet the five-year student qualification period, the learning entitlement period, even though there has been some relaxation on that now. Can you indicate to the subcommittee areas that you think would be outside that current entitlement at the moment? What sorts of students will not be able to meet that learning entitlement proposal?

Mr Sargeant—We in New South Wales are currently experiencing a severe drought. A number of research projects are determined by the weather. So there are practical implications and fieldwork implications, and some projects are not able to be conducted under the current environmental conditions.

CHAIR—How does that apply to undergraduates?

Miss Coopes—Charles Sturt University undertakes quite an extensive range of double degree courses, which go for four years. If you are putting one extra year onto that and a student runs into trouble, it poses a real equity issue. It is extremely stressful to undertake a double degree because you are in two faculties, and it often puts a lot of stress not only on these faculties but also on the students, who organise their timetables in a way that maximises their learning outcomes. This area is of particular concern to Charles Sturt University, given the learning entitlement. In addition to that, we are well known for flexible learning options. We have a huge number of distance education enrolments and students who study part time. Any reduction in the ability of our university to offer flexible learning options is not a desirable outcome of any reform process.

Ms Loker—On that issue, there are the specific examples, but I think there are also a lot of intangible factors which contribute to how long a student takes to complete their degree. Students are not a homogenous group, and you cannot categorise them as a group of students who are able to finish their degree in a specified time. That needs to be taken into consideration. There are many and varied reasons why students might take longer. A lot of the reasons why they may take longer are not foreseeable. That needs to be taken into account as well. Also, if you fit into a category where you are trying to finish your degree in a limited time, there is possibly no room for mistakes. If you fail units, there is an option to catch up on those units by doing summer schools, but at the University of New England you have to pay up-front fees in order to do those summer schools, which is definitely not an option for all students.

Senator TIERNEY—Before I ask questions, I want to say something briefly about the context. If you go back 50 years, the university sector in Australia was the size of the University of Sydney today. We have had an absolutely massive expansion in the last 50 years. On at least six occasions during that time of massive expansion, it has been claimed that universities were in crisis. In some ways that is probably right, because we are always trying to catch resources up to the demand for resources in the university sector. We are always trying to do that against the competing needs of hospitals, roads, social welfare and other demands on government.

I suppose that in some ways it has been a little disappointing that most of the submissions from students groups are saying that we should put all of this back on the public budget. We did try that. Even the Labor government ended up creating a mix of private money, public money and money from students through HECS initially, because it was felt that, although there is a public benefit, students get a private benefit as well. So I would have thought that, in some ways, the debate had been fairly settled. Given that the students' submissions tend to say that it should go back on the public budget, how on earth do we fund this system, given what we are facing in the information age and given the tremendous opportunities that we have as a knowledge nation, to borrow a phrase from somewhere? How do we actually do that without putting in a reasonable mix of all sorts of moneys to support this sort of endeavour?

Ms Loker—We are in the middle of a national small and regional campuses conference at the moment and we have been working on a presentation for this subcommittee. It deals with some of those issues. One of the things that we have been discussing is the collection of the waste that is created through all the loopholes in the tax system. We had a chat with the president of the local NTEU branch the other day and we were discussing the ACOSS submission to, I think, the original review process. We discussed a number of ways that some of that waste money could be gathered together and injected into the public services, including higher education.

Another issue we have been discussing is the tax cuts that have been given as a result of the last budget. Instead of giving \$4 back to each average family, we have been looking at the possibility of collecting that money into a pool to be put back into the public services—not only education but also health and other things like that. But we do have a submission which looks at some of those issues and we would very much like to present it to the subcommittee.

CHAIR—When do you want to do that?

Ms Loker—We could present that now.

CHAIR—Is it a supplementary submission?

Ms Loker—Yes.

CHAIR—That is fine. I had asked for that earlier.

Ms Loker—It deals with some of those issues. We have a section at the back which deals with alternatives.

CHAIR—We would be delighted to receive that.

Senator TIERNEY—But, even if all that happened and you achieved all that, if I suddenly had some extra money to put into something and I was looking at unmet need or grossly unmet need, I would probably put it into the disability sector. So there are always going to be competing demands, no matter how efficiently you do it or even if you do not have tax cuts. The public does not seem to want to put taxes up. That is one of our problems in this country. So I would just go back to the central question: how do we fund this endeavour and still do some of the things in this package? We are putting in another \$1½ billion of public money over the next five years but we are also allowing universities the flexibility to raise money in other ways to support the endeavour.

Ms Davies—It could be made more attractive to industry to support education. At the moment we are probably one of the lowest in the world in the funding of our education through the private sector, especially in research, perhaps. Our research could be made more attractive. But, certainly, if our research received greater funding from industry, the public funding could perhaps go into teaching areas. Whatever money comes into our universities goes towards improving what universities can offer in resources and support for all students. I do not know how the government would do that, but it could use tax incentives—or perhaps not incentives so much as pressure—to put money into research and education in order to maintain incentives.

Senator TIERNEY—The first regional university in Australia was the University of New England, well ahead of the rest. One of the things some of us pushed for very strongly in this package was to have a regional component with additional funding. I am disappointed that you have not mentioned that. You can always argue that it is not enough, but I think we have broken through on a very important principle. People used to say, ‘It should all be a level playing field.’ That was the argument up to a year ago, but we have now established that there should be consideration that regional universities have disadvantages in terms of communications structures and distance. They face a whole lot of extra costs. That is recognised, but perhaps we need to increase it further. You might like to comment on some aspects of that—the regional nature of the endeavour here, how that creates extra difficulties and what should be done to improve that, recognising that we are taking steps to do it anyway.

Mr Griffith—I will comment on giving more to regional universities. Certainly the information provided by our vice-chancellor and the modelling done by our administration show that in 2005 UNE will lose about \$1.8 million on the new discipline profile funding and another \$2 million through the loss of differential funding for course work postgraduate enrolments. The regional loading of 7.5 per cent on full-time internal students helps to plug that hole by approximately \$1.41 million, but the regional loading was intended to give UNE additional

money, not to compensate for reduced course funding. Enhanced nursing and education funding adds about \$950,000—but, again, this funding is intended to make nursing and education studies more attractive and to ensure the quality of teaching. In 2005 UNE will be short close to \$1.5 million on the modelling we have been provided with. So while the government's intention was to support regional universities that certainly is not the case at UNE.

Senator TIERNEY—Have you adjusted that funding for the changes that were made last week?

Mr Griffith—No, that was based on our submission.

Senator TIERNEY—I think you will find it has improved. Of course, what we have also done—

Senator CROSSIN—The changes are unfunded.

Senator TIERNEY—I am still asking questions. What that has also done is provide greater flexibility to the university. This is always difficult to put in modelling, because universities could make a whole range of decisions that could improve their position over the next few years and they have not yet made those decisions, so we do not know how it will change. But the flexibility is certainly there to do it.

I will just come at another side of this that does relate to regional universities and regional communities. I would like your comments on this, because it has implications for students. It relates to some of the services that are provided by graduates when they go out to work in the New England area. I would particularly like to come back to the issue of medical students and doctors, because that has implications for services in the New England area. I refer to the question of making specific requirements that medical people work in country areas. What is the attitude of students to this, given that it is restrictive on students but provides greater benefit to society? You end up, in the case of medical facilities, with a greater spread of medical people in regional Australia—as, indeed, we did previously with teachers. Do you have a view on that issue of specified places and bonding? In the current round of proposals, it applies to medicine more than other areas.

Ms Loker—Yes, I do. I think it is restrictive on students and reflects a lack of choice in where they go to further their careers. I think it is the wrong perspective to take on the issue. Our statement has quoted Ingrid Moses as saying that 71 per cent of young graduates return to employment in regional areas, and I think—

Senator TIERNEY—Having studied in the region?

Ms Loker—Yes. Having studied in the region prompts them to come back and work in the region after they have graduated. I think that it ties in with the issue of lack of diversity and lack of choice for regional communities. If we were to take an approach that valued and encouraged diversity in the regions and increased new subject areas in the regions, that could help to rectify the problem as well, because we would have people studying medicine in Armidale. As the statistic says, a lot more people would be more inclined to come back or stay and work in the region they had graduated from.

Miss Coopes—I would like to make a supporting statement from CSU. CSU students are five times more likely to return to the region to work within five years of graduating. Contrast this with the fact that, despite the government's talk of giving places for teaching and nursing to regional universities, CSU Wagga and, as far as I know, CSU as a whole, receives no new nursing places for next year in the reform package. It is all well and good to make a vocal commitment to these things, but there is no substantial evidence that you are going to back up these claims.

Senator TIERNEY—Finally, I want to talk about a related matter that is perhaps beyond this package. In some areas of the United States, to have people move out and work in regional areas where there is gross undersupply—such as the problems we have with medicine, teaching and other areas—they have a variety of ways in which payments that students owe can perhaps be ameliorated. They can get certain concessions on payments. There are all sorts of ways we could do this—we could do it on paying back HECS and paying back loans—and people would get some benefit if they went out and worked in those areas. This is not in this package; it is looking to the future. I was wondering what your views were on doing this to overcome shortages in work forces in certain areas and certain occupations in rural and regional Australia.

Mr Sargeant—The only issue of equity on that point is that it would be quite beneficial for regional areas to gain the expertise of doctors and nurses and others with that kind of encouragement, but there are also many university graduates who are forced to move to metropolitan centres in order to gain employment. For those people for whom, by moving to a metropolitan centre, there is a significant expense and not necessarily a reduction in their ability to advance themselves professionally you would expect that they get the same kinds of concessions.

Senator TIERNEY—It is a hard one. It is a very difficult argument. Anyway we will not go into that.

Ms Loker—I think that it also reflects on this issue of choice for people who come from lower socioeconomic brackets. If we are having, under this package, the forced specialisation of regional universities, and teaching and nursing put into the lowest HECS bracket, then that represents people who cannot afford to move to the city to access a greater diversity of courses or who cannot afford to go into the higher tax brackets being channelled into professions that may not be their ultimate desired choice. That is connected to their being forced to come back into the regions in order to get concessions on their HECS repayments. I just think that it is a bit of a warped mentality.

Senator TIERNEY—Of course you have to counter that with the other aspect of the package, which is that universities have the flexibility and freedom to charge from zero up to certain levels.

Miss Coopes—That is not financially viable for a regional university.

Senator TIERNEY—That is in the package and that is the freedom. We are putting it back to the universities to make those decisions.

Ms Loker—And that is what is going to be the demise of regional universities.

Miss Coopes—If you encourage metropolitan universities to raise their fees, your regional universities are caught in a paradox. You have to raise your fees to maintain your reputation—you charge more, therefore you must be worth more. I know for a fact that you would be pricing a vast majority of our students out of attending university. That is going to mean that you are going to have fewer students coming to university. If you choose to keep this affordable option for your students by not raising your fees, you cannot provide the same level of resources and the same facilities

Senator TIERNEY—Don't you think you should keep it in the perspective that these things will happen in areas where there is a high demand? There will be massive areas of university study where it will not happen. I think you should keep that perspective on it. The University of Western Sydney say they are not going to do it. A number of others are the same. We should keep it in the perspective that it is on the margins; it is not at the centre of the whole change in the finance.

Ms Loker—The perspective is very much tied to this market ideal. If universities are put in a situation where, for whatever reasons, they cannot afford to raise their HECS fees and they are trying to keep them low to attract students to their universities, where will that put them in a financial context when they are not on a level playing field with city universities, which can charge exorbitant prices for a degree and, as a consequence of that, are financially much better off?

Senator TIERNEY—That is why we have put a regional component in the package.

Ms Loker—But the regional component does not make up for that shortfall in funding.

Senator TIERNEY—The principle is there and it can be expanded in the future. You should welcome that.

Ms Loker—The principle does not work.

Senator STOTT DESPOJA—Thank you for your submissions. Despite the temptation to start with my perception of the context of education changes over the last 20 years at least, I am going to go straight to Miss Coopes on the issue of student debt, because that is a big part of that context. We have heard from your submissions and from many other submissions about the increased level of student debt with which students are contending. Under this package, clearly we are talking about huge increases, particularly in areas where people are struggling. In your submissions you mentioned the drought as one obvious example. One issue we cannot decide on or we are debating is course contributions. I understand that CSU has done some modelling or has some figures on the proportion that students now pay towards the cost of their degrees. Could you enlighten the committee on some of those figures?

Miss Coopes—Sure; I have them right in front of me. Over the past 10 years, the student contribution has risen from 16.5 per cent in 1993 to 38.3 per cent in 2002. Compare that with the government's contribution: Commonwealth funding was 56.4 per cent in 1993, which dropped to 33 per cent in 2002, which is less than the student contribution. Students were paying more towards their education than the government was paying at Charles Sturt University last year.

Senator STOTT DESPOJA—Is that an average figure for CSU students?

Miss Coopes—Yes. It is from its annual report.

Senator STOTT DESPOJA—The government told us as recently as question time two weeks ago that students are paying on average 25 per cent and a maximum of 27 per cent of their degree. Is that not the case at CSU?

Miss Coopes—No. These figures clearly show that that is not the case. In fact, if you go back to 1997 it was 20.4 per cent. Even as far back as then it was closer to that figure. It is completely ideologically wrong that a student is picking up more of the cost of their education than the government is. Why are Australian citizens paying taxes towards public goods like education and health when the debt burden is being pushed further and further onto students? It is not a sustainable solution and it is not fair, especially to regional Australians who do not have that kind of money.

Senator STOTT DESPOJA—One of the problems with this package, or a glaring omission in it, seems to be student income support. Do any of the student associations represented here have a view on what we should be doing in relation to student income support and thus dealing with student poverty?

Ms Loker—To be very simplistic about it, what students are currently living off is not adequate. Students are living in poverty. That needs to be viewed in terms of valuing higher education and seeing it as an investment in the future of our country. Reflecting on that, we should be supporting people who are trying to further their education and who, as a result of that, will be furthering their contribution to the whole of society. We should be recognising that by supporting them so that they can live adequately—so that they are not struggling day to day and living in poverty while they are trying to study.

Senator STOTT DESPOJA—I am happy for you to take it on notice if you have more specific suggestions. Some of the things that have been put forward are predictable—for example, parental income threshold. Miss Coopes, you mentioned the assets test and what we should be doing with that. It took 12 attempts for my party to get the assets test changed. What are you suggesting we do with it now? Are you saying that we should be completely changing it? Any of those issues would be good for the committee's deliberations.

Miss Coopes—I definitely think the government support for students is an issue which is inextricably linked to access to education. Apart from students living in poverty, for many students access to government benefits is a vehicle to get into the higher education system. The fact that many students are deterred from getting into the system because they live on a property and their parents own land which is counted as an asset when they have very little cash flow is disgusting. It is a disgusting way of assessing whether students merit access to government benefits so that they can get off the land if they want to, to go to university and further themselves.

Senator STOTT DESPOJA—I will turn to some postgraduate issues. I am again happy for people to feed back more information, given that we are running close to time. Mr Sargeant, in your submission you referred to a figure that Mr Griffith has also referred to: the \$1.5 million.

Based on Mr Griffith's comments I am assuming that is modelling that UNE has done. Is that administration modelling or something that the postgraduates have done?

Mr Sargeant—That is the UNE modelling. That was done prior to the amendments that were announced last week.

Senator STOTT DESPOJA—So it is probably more appropriate to ask the university to table that. In relation to postgraduates, do you have an assessment or some idea of the demographic make up of the postgraduates here, particularly in relation to socioeconomic status and what percentage are from rural, regional and remote backgrounds? Is that information you could provide the committee with? Could you at least give us an overview now?

Mr Sargeant—I will take the detail on notice. The postgraduate population on campus is quite diverse. We have a number of members from rural communities and many of them did their undergraduate degrees and came to Armidale and have chosen to continue in postgraduate studies here. We also have a strong external component. We are well represented by international students as well. One of our research strengths is in the rural sector—agriculture; that kind of area. There is certainly a strong rural focus in a lot of our postgraduate research.

Senator STOTT DESPOJA—I preface this question with the fact that I am an opponent of VSU but I want to know if at UNE or Charles Sturt your organisations or your unions have conscientious objection clauses in their constitutions?

Miss Coopes—Do we have them?

Senator STOTT DESPOJA—Do you have one?

Miss Coopes—Yes, we do. The terms of that clause are that if a student wishes to be a conscientious objector they still have to put the money into the university system so they can be enrolled. Then that money will be funnelled into the association, which will then direct it to an Australian charity of their choice. That is very well known by students and that is a perfectly appropriate course of action.

Senator STOTT DESPOJA—What about UNE?

Ms Loker—We have a conscientious objection clause. It is very similar to Charles Sturt in that it is channelled back into the university to scholarships or other areas but not directly to the student associations.

Senator STOTT DESPOJA—There is one thing I need to clarify. Perhaps Mr Sargeant's organisation or Mr Griffith can answer this—I am not sure. I have a couple of sets of figures that relate to the impact of voluntary student unionism at UNE. In the figures that you have provided us with you talk about the UNE combined student organisations. They currently employ 60 full-time staff and up to 160 casual staff. My more general figures from ACUMA indicate that there are 70 students employed. I know that those figures are not necessarily mutually exclusive. What I am interested to know is what the impact of the implementation of VSU in the region—so CSU as well—would be. What kind of job losses are we looking at and what kind of financial impact

will that have on the campuses? Has the university administration indicated that they would put money in to replace the dollars you would potentially lose?

Mr Sargeant—The university administration has indicated that they could not afford to provide the services at the level that they are currently provided. An example the vice-chancellor has used a number of times is Sport UNE. They have 15 hectares of playing fields and the university could not afford the mowing bill alone. A question was asked of administration last week, ‘What would you do if it came in?’ They said: ‘We would reassess in 12 months time after everything was closed down.’ The student associations provide the cinema, entertainment, all the food and services on campus here and all the sporting facilities that are available to the wider community beyond Armidale in terms of the indoor pool, indoor sporting facilities and playing fields. There are 26 sporting clubs affiliated with Sport UNE.

They are just the tangibles. You have the housing services provided by UNESA and the ‘How to write a thesis’ seminars and other workshops provided by UNEPA to postgraduate students. The postgraduate association has a postgraduate computer lab that residential and external students regularly use. That is available to them, as is other counselling advocacy. They are represented on many UNE committees and provide a strong voice for the university and for students. In terms of the financial implications of that, Armidale Dumaesq Council and the university would have to look seriously at the cost involved in replacing or providing those services to UNE students and the wider community.

Senator STOTT DESPOJA—Mr Griffith, do you want to add anything?

Mr Griffith—Yes. I want to support what Jonathon has said. The impact would decimate the student services provided, which are a significant attraction to students coming to study at UNE. Basically, in terms of Sport UNE, over \$12 million worth of facilities have been developed by the input of students over our 50-year history. The university has not developed those facilities; it is the student organisation that has invested in them. They are a major regional asset. The loss of the ability to provide support for regional athletes who now train in and use those facilities would be of the greatest concern. The university has just said, ‘Look, we’re struggling too much to mow and maintain our own campus area to take on another 15 to 16 hectares of fields.’ It is the amenities and welfare services provided by the student organisations that provide a break from study. We have many students living on campus, and the loss of those facilities and amenities—the opportunities for a break from study and informal association outside the classroom—would be tragic and would significantly reduce the attraction for students to come and study at UNE. There is no doubt about that.

Senator STOTT DESPOJA—Miss Coopes, do you want to mention CSU?

Miss Coopes—Yes. Our vice-chancellor has come out, as UNE’s vice-chancellor has, and said he could not financially carry the costs of the association at the same level as they are now—they could not provide what we provide and do what we do. Further to that, our vice-chancellor has expressed that he would not support anything which detracted from the student experience, and I think that is something that regional universities pride themselves on—the student experience. When you go to regional a university, regardless of where you come from, you learn life lessons. You live out of home. You stand on your own two feet. A student association is an absolutely vital part of providing support. For this reason alone, 950 students live in residence on

our campus. Without the student association, they would not have access to many social and cultural facilities. We do simple things, like run buses into town because it is simply not safe to travel at night from campus into town. An important point to make about student associations in regional universities—and I can speak from my own experience—is that they reach beyond the campus and into the community. We undertake a lot of community projects. Two examples are that we work with Bathurst Action Against Sexual Assault and with violence against women projects. We run them out of our student association; our welfare officer runs them. We do things like drinking and smoking campaigns in town. Another important thing is that Queer Youth receives really important support from student associations in regional centres, and I know that from an example in Bathurst.

Mr Griffith—I would make one more comment which adds to what Amy was saying there. I think one of the great value adding experiences that students at UNE get is their participation in student organisations by being in a club, by being involved in debate or by being involved in community service activities, and the potential loss of those value adding leadership life skills that we provide would be just enormous. It is one of the attributes that students and the wider community value when they recognise UNE graduates going out. Because so many students live on campus they participate in a range of learning and life skills. The potential for those to be lost because they are traditionally supported by student organisations would be enormous.

Senator STOTT DESPOJA—I would just say for the record that it is good to have some local members in the room today.

ACTING CHAIR (Senator TIERNEY)—Thank you. Let me acknowledge Tony Windsor, the member for New England; and we also have with us the member for the Northern Tablelands.

Senator NETTLE—I thank the student organisations for their submissions. It is very important for the committee to hear the perspective of regional universities like UNE and CSU Bathurst. In her opening submission, Miss Coopes referred to this being an opportunity to make changes to the higher education sector. Do you feel as though your student organisations have had a meaningful opportunity, throughout the process of the Crossroads review that has led to this legislation, to engage in debate and put forward a student perspective; and, if so, do you feel that it has been listened to?

Miss Coopes—I do not think access to the Crossroads inquiry is the bone of contention. From the way students are reacting to these reforms, you can see that obviously their submissions were not listened to in the Crossroads process. If they had been, it would be evident in the reforms. That is really disappointing. Today is also disappointing in that kids from a huge number of small and regional campuses have had to come here to get access to this Senate inquiry. It is a real shame that this inquiry cannot travel to a more regional centres. To get an idea of the impacts that these reforms will have on regional universities, you need to go into regional communities and talk to them. They are the most important stakeholders—much more important than students. I can speak for myself and probably Kryssy as well in saying that that is why we are here today; it is not just for our universities but for our regions and the future of regional Australia.

ACTING CHAIR—Just for the record, I would state that when we inquire into bills we usually have a one-day hearing in Canberra. We are going to seven different centres. We are going into regional New South Wales now, and with any bill we rarely go to more than one regional centre. That is just because of the time and the number of committees that people are involved with. Let me just put on the record that we are going further than we normally do.

Miss Coopes—That is commendable, but it would be preferable for you to go further.

ACTING CHAIR—We have a lot of legislation to cover and it is physically not possible, I am afraid.

Senator NETTLE—My next question relates to this package and the deregulation that forms part of it, meaning that universities have to look to sources other than the Commonwealth government—we have seen the reducing amount of input from the Commonwealth government—for investment in universities. We have seen already the trend of universities having to go to private investment. What impact is that having on your universities and the research projects that are available? In the event that this package goes ahead and in terms of needing to bring in additional corporate investment, are you aware of things that your universities have wanted to do and not been able to do but that they may now do? Could you comment on those sorts of issues at your unis?

Ms Loker—I think our university has started to try and make links with private providers. I know that one of the schools here is making links with the Holden College, but I do not know the details of that. I do know that the university is branching out and trying to make contact with private providers. I think there are enormous implications there in connection with the autonomy of the research that comes out of the institution. I also know that it filters down into the classrooms. I can give you a good example of that. At this university one student who was doing computer science did an assignment on a Lotus program, and the course coordinator refused to mark it because it was not done on Microsoft Word. The student took that decision to the head of the school and it was overturned and the course coordinators were forced to mark it. That is a really clear example of the outrageous things that happen when private providers become involved in a university; their profit agendas are what is behind their very involvement in such institutions. I think it is disgusting.

Miss Coopes—It is completely inappropriate to expect universities, whose core businesses are learning and teaching, to go out into the corporate sector to get funding for their core activities. Education is for the public good and should be funded by the government. That is one point. I can give you a good example. At Wagga, the information technology course is funded by Microsoft, and you have to wonder whether that creates a conflict of interest. In addition, looking forward to the implications of the package, it is very interesting to note that a timely decision has been made by Charles Sturt University Wagga campus to start up a vet science degree. I think it is fairly obvious why that decision has been made. Vet science is in band 3, and where can you squeeze students the most for money?

I think it is disgusting that the government is forcing universities into a corner like this and into taking on core activities which will generate income but may not be necessarily the best decisions. Take the recent examples of course closures which have had excessive industry funding, like spatial information systems or agribusiness. If they cannot market courses and are

already being forced to close, then what hope is there for the future? Why should universities have to tailor themselves to the government's demands? It should be the other way around.

Mr Sargeant—Another impact is that universities would be forced to only provide courses that are sponsored; it is unlikely that the Ponds Institute would sponsor a teaching degree or that Microsoft would be supportive of anything other than IT degrees and information technology business degrees and things like that. So again you would get this funnelling effect across the country where specific universities teach only specific things, and that goes against the definition of a university.

Ms Loker—That teaching is driven by the agendas of the private provider. I think when you have private providers pushing their own agendas through that means, it really changes the core philosophy behind what higher education is; it completely changes what a university experience is all about and the outcome of what you are studying.

Mr Griffith—I would comment too that, with the shift to students paying more and with universities looking at opportunities for the private sector to pay more, a regional university has far fewer opportunities to form linkages and the key corporate sector is just not out in the bush. It is that much tougher for regional universities to attract support from major businesses where they are already competing against the top end of town, the big universities, and that needs to be acknowledged. It comes down to looking at the Australian government's investment compared to that of OECD nations, and information from the Council of Australian Postgraduate Associations shows us as being the fourth lowest. There has to be a balance there. Public funding has to be put there. Do you expect the private sector and students to pick up the tab? That is certainly the trend that appears there, with the proportion of government funding and the number of students increasing. Obviously the provision is there for the private sector to look at funding research more. But it is tough, and it is very tough out there for regional universities to compete for that funding dollar.

Senator NETTLE—We have discussed a little and you have commented on universities being in a difficult financial situation. They are having Commonwealth funding withdrawn from them. They are being forced to find funding from either students or private providers. Recognising the difficulty that university vice-chancellors are in with the finances of universities and the lack of government funding, what do you as students want to say to your vice-chancellors about what they should be saying in relation to this package and how the Senate and the parliament should deal with it?

Ms Loker—With the government and the process this review has taken, there is very much a divide and conquer type of mentality. I think the vice chancellors have been pushed into a situation where they are trying to talk up and get more resources for their individual universities at the expense of taking an overall perspective of what these reforms are going to do to the entire sector. There is very much the attitude of: we have to fight to get the best out of this package for our own university. I have said to our vice-chancellor that, for the sake of the entire sector, the vice-chancellors need to team up and put the pressure on as a block. But there is probably a big divide within the Group of Eight university vice-chancellors as well because they stand to benefit from this package—but at the expense of the rest of the country and the regions. That is something that needs to be looked at as well.

Mr Sargeant—I think the vice-chancellors are in a very similar position to what the premiers were in a couple of weeks ago, regarding health funding. They spent two days talking against it but then signed on the dotted line. I think the vice-chancellors need to consider their position very strongly in terms of what they are actually signing; otherwise, the whole university sector will become ridiculous over time. They could potentially be selling themselves down the path.

Miss Coopes—I do not know if this goes for all regional vice-chancellors, but the vice-chancellor of our university keeps saying, ‘Let’s find the positives in the package because we need the money.’ The Senate should not be bullied by fiscal arguments into passing reforms which are untenable for the nation. The pressure being exerted on universities and university staff by workplace reform and university governance protocols is a huge reason why vice-chancellors will not stand up together and say, ‘This isn’t good enough.’ They are scared and are being bullied by the fiscal argument: ‘If you don’t do this, you won’t get your conditional funding.’ That is a very important thing. From a student perspective we can see it, and that is what is incredibly frustrating.

Senator CROSSIN—This morning you commented that students are now paying more for their courses at Charles Sturt University than public funds are providing and that aspects of this package will price students out of the market. Also, we know that only 1,500 equity scholarships and a couple of thousand rental assistance scholarships are on offer amongst thousands of university students around the country. Can you clearly articulate what impact you believe these changes will have on you as students in terms of your day-to-day life, in trying to exist, balancing study and any part-time work you might have to do and your quality of life at the university?

Ms Loker—I think these reforms going through as they currently stand will drop a large proportion of the population out of reach of universities. A whole section of the lower socioeconomic background population will not be able to access higher education at all. Those people on the lower scale who are able to access higher education will struggle enormously day-to-day just to scrape through financially. The system will be overall directed at the richer people who can afford to go to university and can pay exorbitant amounts of money and who have wealthy families to back them up in that process. But the biggest and most significant thing is that a large percentage of the population will simply be unable to attain a higher education.

Mr Sargeant—In the process of trying to attain that higher education, students will be forced to seek employment and, in some cases, will be forced to seek full-time employment to afford to support themselves and, in many cases, their families. That will have implications for their education. We may see more students being forced to withdraw from university degrees because they cannot afford it or the time to put into the study. That has severe implications for the future. Senator Tierney mentioned before that funds might be better used in the disability sector. It has been proven many times that an investment in the early years of a person’s life with a disability to develop their education and their independence saves the government millions over that person’s lifetime in terms of their ability to integrate and be included in the community. The same analogy can be drawn with university students. An investment made by the government at this time will be paid back many times over—not in a HECS debt but in their contribution to the prosperity of this country.

Miss Coopes—I would like to make the point that the majority of Charles Sturt University students study by distance education. Most of these students are mature age students. Most of these students are women, and they are women who are studying part-time through distance education because they have families. Pushing towards this user pays system and increasing the debt for women who have gone into education as a means of trying to further themselves and to provide for options for their children is an absolute affront to what they are trying to do—dropping them in this massive debt. I think that is a real issue for us as well, and it may be one that is not immediately obvious on the surface. If you want to make these substantial reforms to the higher education sector, I think you have to make substantial reforms to government benefits and the welfare sector, because they are inextricably linked. As I said before, many students cannot access higher education if they cannot access government benefits. Those are the cold, hard facts.

Senator CROSSIN—Some in the government would say, though, that there are now a couple of thousand equity scholarships on offer.

Miss Coopes—That paltry number of scholarships is a drop in the ocean compared to the amount of need that is there now and the increasing amount of need that is going to be out there with these reforms. I think those scholarships would not even put a bandaid on the huge welfare wound that now exists in Australian tertiary education, let alone overcome it or increase what is going to be there. I do not think it even goes close to plugging the hole. I think these scholarships are a token effort at buying off Independent senators, and I think the Senate should be a bit smarter than that and think about the long-term sustainable future for Australian families.

Ms Loker—I think the scholarships program fails to recognise and to pay attention to the underlying reasons that people particularly from disadvantaged groups are not accessing higher education. If you look at Indigenous students in particular, you see that a couple of scholarships are not going to do anything to address the massive issues that need to be looked at in encouraging and raising the level of Indigenous participation in higher education. A couple of scholarships are not going to do anything at all. They are a slap in the face.

Ms Davies—The level of the scholarships is also very low, and so I do not see how they are really going to support people and give them an incentive to do it.

Miss Coopes—If you look at the Commonwealth accommodation scholarships, you see that they encourage regional Australians to move out of regions. If you are looking at education as a market driven commodity, you want to move into the city to go to a university that has a great branding, because you do not want to go to a budget university out in Bathurst or whatever. So you are going to use these scholarships to move out of a region. That is taking regional Australians out of regional Australia. Then, once you put those kids in the cities, the amounts these scholarships provide do not even come close to covering the costs of living in metropolitan areas. So you are putting them in a real trap, I think.

CHAIR—Thank you very much for your submissions here today. They have been very helpful for the committee. We appreciate your attendance. Thank you.

[10.29 a.m.]

BATTIN, Dr Timothy Michael, President, University of New England Branch, National Tertiary Education Union

DARNELL, Dr Maxine Lorraine, Secretary, University of New England Branch, National Tertiary Education Union

CHAIR—Welcome. The committee has before it submission No. 441. Are there any changes you wish to make to that?

Dr Battin—No.

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

Dr Battin—The most fundamental point that needs to be made about the changes being proposed under Backing Australia's Future, or the so-called Nelson package, is that the underlying principles informing the changes are flawed and their implementation is unnecessary. After having first denied that the university sector was in crisis, the Howard government has subsequently set about carefully crafting a scenario in which the public is being asked to accept that an advanced economy of the 21st century cannot sustain a publicly funded university system—this from a government which now spends more public money on non-government schools than it does on public universities.

The broad historical trend discernible in wealthy countries is that as each of these countries becomes wealthier not only do they apportion greater funding in absolute terms to services such as health and education, as we might expect, but also they apportion a larger public percentage of their GDP to these services. Until recently Australia fitted this general pattern. However, in the last decade Australia has regressed. In 1996 the public funds spent on higher education represented 0.9 per cent of GDP. In 2003 the public funding of universities stands at just 0.6 per cent of GDP. As stated, this is against the historical trend. It is also in contrast to the contemporary policies of comparable countries. The 1999 figures—the latest we have available—show that Australia is well below the OECD average in the proportion of public money it invests in tertiary education.

The point is that looking at the problems that currently beset the higher education sector against a broader perspective should suggest that the current arguments for a greater privatisation of the university system are spurious. It is not caricaturing the situation to suggest that the higher education changes in the last 15 years in Australia boil down to a history of Australia having a world-class and publicly funded university system, dismantling it, wondering how to recapture it and then proposing that the only way to do so is by having a predominantly privatised system that most other OECD countries reject.

On Saturday last, the *Sydney Morning Herald* published an editorial chastising the ALP and the minor parties for taking what the editorialist regarded as the ‘easy options’ in the present debate. The editorial showed all the hallmarks of the neo-Liberal view—of which we have been speaking—that there is no alternative to greater private provision. However, towards the end of the editorial the editorialist, advertently or inadvertently, fell back onto an argument about affordability, in which he, or she, argued that Australia could not afford a public system of 38 universities.

Strangely enough, this point is precisely where the debate should be. We submit that a country as wealthy as Australia is well placed to build—or rebuild—a robust, predominantly public university system. The opponents of this view would have us believe that, although Australia is a wealthier country than it was in the 1970s or a decade ago, it now cannot afford a quality public university system—the same system that was affordable back then.

The point of laying stress on these fundamental points is that, unless they are made, we can be drawn into a debate in which the parameters are far too narrow. Arguing too much about the particular—in this case, the particulars of the Nelson proposals—runs the very great risk of conceding the principle. As long as this fundamental point is acknowledged, we remain prepared, however, to discuss the features of Backing Australia’s Future.

The first point we make about its features flows directly from the points of principle that we have been making. The package lacks a long-term sustainable solution to the funding problems of the sector. It will either fail to attract the private funds it is seeking, in which case the system will be poorer, or, less likely, it will succeed in gaining the private funds, in which case the system will be fundamentally different and, we submit, worse than the system Australia had until a recent period. That the proposals will increase the burden on students and their families is surely so obvious it hardly needs stating.

The second point is that the proposals accentuate the trend that has existed for at least the last decade. The more that government has withdrawn support from the sector the more it has wanted to interfere in the system. The previous round of enterprise bargaining was made much more difficult than it needed to be, largely because the so-called Kemp agenda made it so fraught with difficulty. Until recently, indications were that the present round of enterprise bargaining might be less difficult in that respect. However, the industrial relations details released on Monday of this week by ministers Abbott and Nelson are extremely disappointing in what they signal. Already we see that, overnight, Sydney University has informed the unions that it will not be signing the heads of agreement that was due to be signed today if endorsed by the members. The third point is that the package seems certain to lead to an increased stratification of a sector already too differentiated by access to funds and resources. The fourth point is that the proposals fail to address in any meaningful way the real workplace issues that face university staff, increasing unacceptably high student to staff ratios, unpaid overtime in the general staff and greater stress in the sector.

We end this statement on the point made at the start. We remain prepared to discuss aspects of the government’s proposals and to shed light on them where possible, but not at the exclusion of the points of principle made both in our written submission and in this opening statement.

CHAIR—Thank you very much. Have you had a chance to examine the modelling that has been undertaken by this university as to the consequences of this package for this particular university?

Dr Battin—No, certainly not in any kind of detail. We are relying on modelling done for us by the national office of the union. On page 4 of our written submission mention is made of how the core funding changes would affect the University of New England. We can speak to that in very broad terms, but the national office have advised us that, if asked about that, we might defer to them and you might inquire of the national office about the modelling that they used.

CHAIR—I will do that. My interest goes to the claims by the vice-chancellor in an open letter to the minister that in one year, 2005, the university will be short by \$1.5 million—bearing in mind that the cuts are permanent but the transitional funding is temporary, bearing in mind that the modelling the department has undertaken is conditional upon a commitment to the government's requirements, which is a matter for the states and not a matter for this university, and bearing in mind that the modelling presumes compliance with an industrial relations regime that this university cannot necessarily meet. Further, I make the point to you that the government has now announced enhancements to the package that are totally unfunded. Given all of that, what is your judgment of the likely financial consequences of this package for this university?

Dr Battin—I think our judgment is that, in light of all of those variables, we are not hopeful in the slightest that the university could be any better off in absolute terms and certainly not in any kind of relative term.

CHAIR—I take it you have had a chance to look at the extract from the University of Sydney's submission, written by the vice-chancellor, Professor Brown, I sent to you just a few moments ago. This is from the University of Sydney's submission. Bear in mind that the vice-chancellor at this particular university is a really big winner out of this package. You could not ask for more, I would have thought, for the University of Sydney, although Professor Brown clearly does.

He says, 'There are a number of obvious deficiencies in the package.' He talks about VSU. He talks about 'an overly tight straitjacket for the distribution and re-distribution of government subsidised university places'. He talks about 'an excessive degree of control inherent in the discipline mix'. He talks about 'gross intrusion upon university autonomy, academic freedom and student choice'. He talks about 'a totally illogical link between increased funding and ideological components of industrial relations'. He talks about the package failing to provide indexation. He makes this point: that the package is 'not sustainable'. This university is the winner. How do you respond to that, as a university that is clearly a loser?

Dr Battin—I think you have put your finger on it. That university is clearly the winner, yet he has a list of very strong objections to the package. It gives one hope that perhaps not everyone in the Group of Eight will cut loose and go their own way. It should be a stark wake-up call to the poorer universities to look extremely closely at the package as it presently is constructed and be very careful about entering into any kind of short-term arrangements with the minister regarding transitional funding. But I would go back to a more fundamental point: I think the package is so flawed it has to be rejected.

CHAIR—Have you had an opportunity to actually read the bills?

Dr Battin—No.

CHAIR—What if I told you that a particular clause of the bill—30-25, which I have quoted on other occasions—gives the minister the power to knock out courses he or she does not like that are operated at a university?

Dr Darnell—It seems to go against the whole principle that the minister has espoused of flexibility within individual universities and within the higher education sector if the minister can sit there and state that he does not like this course being taught at this university. Where does that university's flexibility come from then? Where is this supposed inherent flexibility? One clause within the bill—35-15, the disallowable instrument—is extremely worrying. I believe the core of that clause is that, if the universities do not accept the higher education workplace relations section, the whole of the Commonwealth Grants Scheme funding goes. Is that correct? Is my reading of that correct?

CHAIR—That is right. That is a condition of the grants funding. I referred to clause 30-25, which sets down the conditions under which the minister personally can approve or not approve if he or she thinks fit. Irrespective of what you think about the current minister's virtues, it strikes me that this is the sort of thing that led to the student uprising in Paris in 1968. It is that sort of level of intervention that we are totally unfamiliar with.

Senator STOTT DESPOJA—Bring it on!

CHAIR—What is the impact on this university of the industrial relations edicts issued on Monday?

Dr Battin—The impact would be something like this. The last round of enterprise bargaining was extremely difficult. That is an understatement. There were local factors in that which I will not specify. I do not want to damage present relations, which have improved quite a bit since two years ago.

But the overriding factor, or an extremely strong factor, in how enterprise bargaining was conducted last time was the Kemp agenda and a university administration having to second-guess what the minister at the time would approve or disapprove. Until now, in this present round of enterprise bargaining—which is well under way in this university and has gone extremely positively compared to last time—the IR component of the Nelson package had been more of a minor nuisance than an overriding factor which was determining the course of events. As of Monday, however, that seems to have changed. If you look at the events at Sydney University just in the last 24 hours, you will see an indication that university administrations are now going to be very reluctant to engage in genuine enterprise bargaining.

CHAIR—Are these the circumstances which could lead to industrial action being taken at this university?

Dr Battin—Yes.

CHAIR—Are these the circumstances whereby, if this package were accepted, there would be losses of jobs, courses lost, programs cut?

Dr Battin—I would say it is likely.

CHAIR—You have stated in your submission that DEST figures reveal that the UNE will lose \$895 per student, compared with an average of \$221 across the sector. Have I understood that correctly?

Dr Battin—That is right. That is drawn from the national office, but we stand by that.

CHAIR—So this university is more seriously disadvantaged than most? Is that the submission you are making to us?

Dr Battin—That is the submission—that, save from the Northern Territory University, this university is the hardest hit out of the core funding changes and the difference in the distribution of those funds.

CHAIR—Assuming that the enhancements are in fact delivered, what will be their effect?

Dr Battin—That is a bit more difficult to say. The enhancements, or the loadings, would of course help—it would diminish the magnitude of the loss—but it is very difficult to say where it would end up.

CHAIR—Particularly given that they are unfunded?

Dr Battin—Yes. The recent news about the minister being much more favourable towards the issue of regional loading for external students, of course, assists UNE more than was previously the case, but it does not assist the regional universities as a whole—because that funding is fixed and it is just going to have to be carved up differently.

CHAIR—It gets better than that, doesn't it? 'Funding neutral' is the phrase the minister is using. In bureaucratic terms, that means that the funds have got to come from somewhere within the education budget. Have you been advised where the savings will be made to fund these so-called enhancements?

Dr Battin—No.

CHAIR—Is it possible that the University of New England may find that it has lost funds in other areas to finance these so-called enhancements in regard to external students?

Dr Battin—It is possible.

CHAIR—Thank you very much.

Senator TIERNEY—Dr Battin, have you seen the *Australian* editorial today?

Dr Battin—No, I have not had the chance.

Senator TIERNEY—The headline is ‘A good deal for academics’. I want you to comment on it, because it is a matter relating to some of the things you said earlier today. It says:

Academics are angry that the Government is linking new funding worth \$404 million to universities offering staff the right to establish individual employment contracts as an alternative to union membership. They should calm down.

...

One of the greatest limitations universities face is the way they negotiate wages and conditions across the entire institution with the industry union. While some senior staff may have individually negotiated contracts, the vast majority of academics and administrators in universities are governed by omnibus deals that purport to protect them all. But these enterprise agreements do no such thing ...

It goes on to talk about the effect of the new proposals on the NTEU:

The possible losers from the plan are the NTEU For the union, the risk is that large numbers of staff might decide to opt out. These are small prices to pay if we are to unlock the energy of Australia’s universities—too long dominated by workplace cultures that emphasise uniformity.

Would you care to comment on that editorial?

Dr Battin—One comment is that it is no surprise that the *Australian* would take that line.

Senator TIERNEY—I would like your comment on the substantive argument.

Dr Battin—The substantive argument seems ill informed at best—or ignorant.

Senator TIERNEY—It does not sound ignorant to me.

Dr Battin—Let me explain. One of the things that people like us are often puzzled by is this line that is drawn, this argument that is advanced, that the workplace culture in universities needs some kind of a shake-up. It is generally specified in very general terms like that. I wish these people would specify exactly what it is about the workplace culture that needs the shake-up.

Senator TIERNEY—Of course, the editorial is far ahead of what these reforms are proposing. The editorial seems to be indicating we should have AWAs right across the sector, but this legislation does not ask for that. What this legislation is putting forward is that universities, or individuals working in universities, should have the right to access an AWA if they choose to do that. It is a minimalist change. I am wondering why on earth you would object to such a minimalist change.

Dr Battin—Because an AWA has, as you would know, a very special status, and it removes the enterprise agreement from underneath someone in terms of protection.

Senator TIERNEY—If they are making that choice, what is the problem?

Dr Battin—If your argument is about choice—

Senator TIERNEY—Exactly.

Dr Battin—the union has no objection to individual contracts being signed that are above the enterprise agreement, with the enterprise agreement underpinning the conditions of employment that that person has opted for in accepting an individual contract. The problem is with AWAs, not with conditions that are above the enterprise agreement.

Senator TIERNEY—On another matter, I was part of the Nelson review reference group and sat through all those hearings. The NTEU was a member of the reference group as well. In terms of contribution, I am thinking particularly of the final day. Apart from saying governments should put more money into this or should fund everything, I cannot really recall any constructive suggestions or alternative approaches from the unions. Why did the unions stay so much out of the debate when these proposals were in such a formative stage? I know you were not the officer involved at the time.

Dr Battin—I have to take your word for it that they were staying out of the debate in that reference group.

Senator TIERNEY—It did surprise me.

Dr Battin—If what you say is true, it may be due to the union choosing to concentrate its efforts in other respects, in terms of lobbying the government to generate public awareness of what was likely to come out of the crossroads.

Senator TIERNEY—I would have thought the best place to lobby the government was that exact reference group, because the minister was sitting there and the vice-chancellor groups were all represented there, plus industry and student bodies. I would have thought it was the perfect forum.

Dr Battin—Because I was not there and because I have to take your word for it, I probably should not be drawn into it.

Senator TIERNEY—I suppose the attitude of the union during those discussions is largely reflected by what you have said in your opening remarks. You did say that we are a more modern economy and we should be able to fund higher education in full—that is your position. Indeed, for quite a while we did. It was actually a Labor government which was then mugged by economic reality—and I worked in the sector during that time and saw it happen—and realised that it had to develop more diverse funding resources to support the kind of system we have today, of which this is the next evolution. So I am challenging you: given that the public have a fairly strong view—they do not want taxes to go up—and given that in a small economy like ours there are so many competing needs, why shouldn't the Labor government have originally developed these diverse resources and why shouldn't we continue with that process, as these bills actually follow in that direction?

Dr Darnell—I think it goes back to how far the process goes. Yes, there has been the movement of public funding out of the higher education sector, but how far can that public funding retract or back out of the higher education sector before there is quite severe damage done to the sector itself or to elements of the sector, such as the regional universities?

Senator TIERNEY—You are not taking into account that total moneys have gone up when you look at private and public. University funding is actually rising and has been doing so.

Dr Battin—Across the sector.

Dr Darnell—Yes.

Senator TIERNEY—That is what I am saying. You seem to be just concentrating on public funding, but you have to look at the full picture.

Dr Darnell—Yes.

Dr Battin—On the positive side of that, it is our argument that in a modern economy we can afford this. There are competing claims on the government purse; that is undeniable. But when the Howard government first came to office, it used the deficit that it inherited from the previous government as the reason for the cuts to higher education and other sectors of the community more generally. We make the point in our written submission that this argument does not really hold water, because, if that were the government's reason for doing it, when a surplus materialised in 2000-01—and a very hefty surplus at that—it did not go back into the sector. In a modern economy, we can well afford this. I have had time to look at another Senate inquiry into the distributive effects of the taxation system. I note that there is a submission from the Australian Council of Social Service, ACOSS, which identifies \$7.1 billion per annum of tax shelters. If a government were serious about closing off some of those loopholes and closing down those shelters, it could find the funds. Alternatively, if that is too difficult for a government, instead of, as the Prime Minister said last week, surplus funds going to citizens in the form of tax cuts—which do not make a big difference to the average taxpayer—those funds could go back into areas like health and education.

Senator TIERNEY—But even if you found all those funds and it all worked out as you intended, I think the local members would probably like a bit more money spent on the roads in New England or on the welfare sector—particularly people with disabilities. You can increase the amount of money massively and still not meet all the needs. I am wondering why you say that if you have that, if you are totally publicly funding it, you should devote it to an area where people are receiving individual benefit in terms of their future incomes. That is the whole rationale behind the HECS system. This is the final point. So why shouldn't we continue with such an approach, given the private-public benefit argument?

Dr Battin—You could have a long debate about the public versus private benefit.

Senator TIERNEY—I appreciate that.

Dr Battin—You could debate that at length. Let us keep that in mind but put it to one side for the moment. You could still have a robust and predominantly publicly funded system and keep your HECS if you are so fond of it. There is no necessary connection between what we are saying ought to be changed in the higher education sector and having to get rid of HECS—even though there are plenty of members of this union who oppose HECS on principle.

Senator STOTT DESPOJA—In the interests of time I will direct broader questions to your peak body. I have a couple of specific ones. Firstly, some gratuitous advice: wear right wing offensive Murdoch editorials as a badge of honour—I have a collection. In relation to your comment in response to Senator Tierney, you said that overall there was an increased contribution to higher education in Australia. Can I ask you to be more specific? My understanding is that that is not an increase per student—per EFTSU—contribution from government and that most of that additional funding seems to be coming from private or student contributions. Could you clarify that for the record?

Dr Battin—For the record and for clarity I think that that is what Senator Tierney was getting at. The public contribution has shrunk but he is making the point that private moneys have come into the sector so that when both are taken account of there is more money now in the sector than there was in 1996.

Senator STOTT DESPOJA—Thank you. In relation to the workplace relations aspect of this package, the implication from editorial comments and even comments today is that there is somehow a lack of flexibility in the sector. Using UNE or any other institutions in the region to which you would like to refer as examples, can you explain how there is flexibility already inbuilt—or not, if that is the case? You alluded to the notion of top-ups or individual negotiations. How common are they? Do you have requests for AWAs at this institution?

Dr Battin—Taking that last question first, no, we do not have requests coming through the union for AWAs. In this round of enterprise bargaining a member asked why we can't reward people of distinction who we want to attract to the university. We were not able to get very far in exploring options because it has to be said the university itself has not shown much interest in offering some sort of contract that would be above the enterprise agreement other than this interest in AWAs—which for normal members of staff it has not shown any interest in anyway, at least for the academic section of the staff. On the more general point of flexibility, there is considerable flexibility in work practices.

Dr Darnell—The whole question of flexibility and the idea that the introduction of AWAs will introduce flexibility into working arrangements really ignores what is actually happening at universities. At the University of New England, we teach a trimester. We have the two set semesters and we also have a full fee paying summer semester. We teach online; we teach to external students. This is our residential school time; I finished a residential school yesterday. We also teach into China. We teach to the access centres—there is one in Tamworth and there is another one opening soon. We go down to teach there. These are flexible working arrangements. We are already doing them and we are doing them under a decreased funding model. So they have not been proactive flexible arrangements; they have been reactive more than anything.

Senator STOTT DESPOJA—I am also happy for you to take that on notice if you like. I have one other quick question in relation to this, and I note that my cousin Judy Stott was teaching at the residential school yesterday—that explains what she was up to. The paragraph that has been kindly suggested by ministers Nelson and Abbott for your agreement is:

The university may enter into Australian Workplace Agreements (AWAs) with employees covered by this agreement. Those AWAs may either operate to the exclusion of this certified agreement or prevail over those terms to the extent of any inconsistency, as specified in each AWA.

Dr Battin, what is wrong with that seemingly innocuous paragraph?

Dr Battin—What is wrong with it is the question of why the conditions and the entitlements of the agreement would have to be excluded. I will admit my philosophical bias if the ministers will admit to theirs. My philosophical bias is for collective arrangements; theirs is for individualist arrangements. Yes, it might turn out to be a bit of an ideological war, but we submit that our position is actually more practical as well. University administrations, outside a very small group, have not shown a lot of interest in offering AWAs, because of the nightmare of administering them.

Besides all that, the chief virtue of an AWA is meant to be, I understand, that it is easy to get rid of someone if they are a poor performer. That is not our experience, in the observations that we have made. You have the recent example of the Vice-Chancellor of Monash University, who was accused of plagiarism and was asked to leave or advised that leaving would be the best option and yet was paid out an enormous amount of money. If you look at AWAs then, across the staff, I know who will be advantaged by them: it will be those who are more highly paid and those who have the resources, not your rank and file staff member.

Senator STOTT DESPOJA—Thank you for that.

CHAIR—Thank you very much, I appreciate your evidence today. There will be some questions on notice and I hope you will have the opportunity to respond to them. Your evidence has been very helpful.

Proceedings suspended from 11.07 a.m. to 11.24 a.m.

MOSES, Professor Ingrid, Vice-Chancellor, University of New England

CHAIR—Welcome. I thank you for the hospitality that the university has provided to us today. It is terrific for the Senate to be able to draw upon the resources of the university for these sorts of hearings. It gives us a new insight into how things are actually done at the university. I thank you for that. As you know, I had intended from the very first that the committee should come here as a high priority and the other committee members agreed with me. The committee has before it submission No. 75. Are there any changes you wish to make to any of the documents?

Prof. Moses—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.

Prof. Moses—Thank you for coming to UNE. We very much appreciate it when people from state and federal government come here, because it makes clear to them how physically isolated we actually are and that many of the federal solutions for increasing cooperation between universities are not quite possible here, where all the universities—Newcastle, Southern Queensland, Southern Cross, Brisbane, Sydney—are four, five or six hours away. Where we are in the region, the community expects a fairly broad range of courses to be offered, and I have made that point in our submission. I think it is important to realise that there is a limit to where we can cut. If we cut too much, the university will not be an attractive choice.

I would like to state quite strongly that I am part of a group of people who care about the Australian higher education system—and that is the Australian Vice-Chancellors Committee. I have been party to the development of their statement and of their reaction to the government's policy document and to the one of Labor. By the same token, I am employed to further the good of the University of New England, and there can be a conflict there. In view of how the proposed legislation is going to affect UNE, I can say that we welcome a number of the initiatives, but we are also worried about some of the others.

I think the greatest deficit is one which the AVCC and I in the media have pointed out—and that is the lack of indexation. If we had proper indexation, like the schools, of 5.6 per cent, we would not have to worry about many of the little items in the budget which have a few hundred thousand or even millions attached. The lack of indexation is the biggest drawback of the proposed legislation.

The other issue on which both the AVCC and I have spoken out is that we believe it is unacceptable in Australia to tie workplace reform and governance reform to Commonwealth grants to universities. I personally have no particular issue with the governance document, and indeed the AVCC and the New South Wales vice-chancellors and chancellors are putting a paper together. We do believe that there is room for reform of governance. We do not believe it should be tied to the Commonwealth grants. We had been given to understand, after we had protested

about the workplace reform being attached to the Commonwealth grants, that all universities were likely to meet this. When the guidelines came out yesterday—or on Monday; I was in Newcastle and we got them faxed there—we were appalled because they are extremely intrusive and they mean that many universities might not be able to get the 2.5 per cent which we have all put into our modelling. We are relying on that and, without that, the package would not be acceptable. So we are hoping that the combined lobbying of the staff unions and of the vice-chancellors and the non-government parties will moderate the workplace reform. My understanding is that there will have to be some workplace reform, but it is the extent of it which we find unacceptable after we have resigned ourselves to the fact that the government wants to connect the two.

I have also written in our submission, and I told the media after the budget, that we are concerned that more burden is being put on students. We believe that it is a good move to have a scholarship scheme but that neither the length of the studies nor the amount of help is sufficient. The AVCC has also raised a point about more equity money and more equitable scholarships, and I would endorse that. You would know that we have very many students from the region and many of them come from low socioeconomic groups. Many of them are the first ones in their families to go to university. We are deeply concerned that the higher HECS might disadvantage these groups and might demotivate people from taking up the opportunities which we are providing. I think I will leave my opening remarks at this.

CHAIR—Thank you very much. The regional loading that is so important to this university is an amount of money that the government has allocated. Are you aware of roughly what that is?

Prof. Moses—Yes. I have to say that we are very pleased that the minister has listened to our arguments that external studies, which are being serviced from the region, should be included in the loading. That has only come through very recently, and it will advantage us. We are extremely pleased about this because it now brings us into the positive. In 2005 for our internal students—I have the figures here—it would mean about \$1,260,000 and for the external students it would mean \$1.2 million, which is only on a proportion. That is really very important money for the university. We really welcome that initiative.

Senator TIERNEY—That updates Senator Carr's figure from an earlier discussion. So what is the net figure for 2005?

Prof. Moses—For 2005 we would have \$1.26 million for internal students and an estimated \$1,200,600 for the region only. The actual formula has not really been worked out. As you know, it is a finite sum. Now with external students coming in, with Wollongong not coming in—

Senator TIERNEY—So instead of being \$1 million behind, as Senator Carr indicated, it is \$1.4 million ahead on that combined figure?

Prof. Moses—But overall, from the information I got this morning from our planning officer, we will have a net change of \$985,519.

CHAIR—I am interested in the modelling that you have undertaken; I appreciate that. As you have said, this is a finite amount of money. This amount of money, \$122.6 million, is the regional loading for the whole package. It is spread out across the forward estimates at \$27.9

million in the first year, \$30 million in the second year, \$31 million in the third year and \$32 million in the fourth year. It is to be spread across all the universities. It is a finite amount. Additional moneys have now been promised to three universities, including yours. The formula has not been calculated; not all external students will get that money. On that basis, how can you assume that you will get the full amount of money that you have calculated in your package?

Prof. Moses—That is a very good question; I am worried about that too. My colleagues from Wollongong and Newcastle were fair enough to make a submission saying that they wanted to be counted as regionals, but it would have to be additional money. I do not know whether or not it is additional money. I do know that the calculation for internal students has been changed because of the addition of external students. It is our director of planning who has been in touch with the department, and I have his figures here.

CHAIR—I appreciate that you are relying on the advice of an officer who is relying on the advice of another officer who cannot explain the calculations.

Senator TIERNEY—I will get the calculations from the minister's office this morning, so I will confirm them for you, Senator.

CHAIR—But they got it wrong on all the costings. They moved the costings. The transitional fund costings had to be blown out to \$38 million. The entire resources of the Commonwealth got it wrong. How can we assume that your planning officer has now got it right when we do not know these fundamentals?

Prof. Moses—No, I am—

CHAIR—Can I just finish the question, Professor? We do not know whether or not you are going to be able to meet the governance requirements. We do not know whether or not you are going to be able to meet the industrial requirements. We do not know what the allocations are in the finite pool of money that is available. How can we therefore assume that you will get this amount of money? Are you not taking on trust far too much?

Prof. Moses—No, we are just modelling. We are not expecting that there will not be any changes otherwise we would not need parliament. It has gone through the House, it has gone through the Senate and we are expecting some changes. All we are doing is modelling on the information which is available now. Under that information we will be okay. I have quite different worries, and that is our competitive stance. We might not lose any money; my worry is that if other universities get millions in addition, they will be able to upgrade their infrastructure et cetera. That is a completely different worry.

CHAIR—I appreciate that. Professor, would you be able to provide us with a copy of that modelling?

Prof. Moses—Yes, indeed.

CHAIR—Thank you very much. I would like to know if you are not concerned, given clause 30-25 of this bill—I take it you have read the proposed bill? Have you had a chance to read the proposed bill?

Prof. Moses—I have just come back from overseas; I have seen the briefings on the bills. I have seen summaries and the briefings.

CHAIR—Sorry, I have got you at a disadvantage. The proposed bill provides for an extraordinary level of intervention. That is, the minister can intervene to provide assistance to universities and set conditions on the operations of the student load, courses—the minister can actually determine whether or not you teach a particular course—the relationship with the staff, the relationship to your research load. Are you not concerned about the level of autonomy?

Prof. Moses—Yes we are, and we have told the minister too. When we saw it, we said that it was too interventionist and that the government should not intervene at a micro level. We have said that and that is my opinion.

CHAIR—I appreciate you have. My next question goes to the transparency of these arrangements. It may well suit a university in a marginal seat to be able to do a special deal with the minister. It may suit for there to be additional payments to be made in a circumstance of a political convenience to a government. But it may not suit if there are finite resources and some other university has got to pay the price for that. Do you see a circumstance where, under this level of political intervention, there can be disadvantages visited upon some universities that are not in political favour?

Prof. Moses—I can see, but I really do not want to speculate or comment on it. The political process works like that.

CHAIR—Really? I am surprised you should say that because that is not my experience of how this country functions. We do not do, we should not do, political deals with ministers to get special funding bailouts.

Prof. Moses—I agree.

CHAIR—We should not do it that way, but that is what this bill seems to propose as the way forward. It is a break from the tradition that we have had in this country about transparent arrangements in the allocations of public moneys. Would you agree?

Prof. Moses—I am sorry, Senator, I do not agree with it. I think the actual funding—not now, where we all do not quite know what is happening, but once it is in place—is more transparent because there would be a very clear indication of what the government gives in each field of study and what the students pay. It could not be more transparent. What is not transparent at the moment is how the different funding pots are all going to come together. But once it has been agreed on, the actual funding to universities will be transparent.

CHAIR—The AVC position on the industrial relations change is to categorically reject the proposals that the government has put forward. Is that your view?

Prof. Moses—Yes. As I said in my opening statement, we believe no workplace reform should be tied to the Commonwealth grant. We were told we would not get any funding, but then we were told it would be phrased in such a way that we could meet it. We said, ‘Okay, we’ll go with that,’ because we would be able to negotiate with our unions and appropriate modus

operandi. What came out just now is actually far beyond what we expected and so, yes, we are against it.

Senator TIERNEY—I have a daughter attending your university; she has found it an absolutely delightful experience. I want to move on to some of Senator Carr's issues. When you were initially reacting to this package, the key point you brought up with me was that the distance education students were not being treated properly in the regional funding formula.

I do not know if this is what Senator Carr was getting at in relation to special deals, but I would have thought that your request to treat the external students was quite a reasonable request, and the government has now agreed with your position. In terms of appropriate funding of universities, can you really see anything wrong with us acceding to what is quite a reasonable demand in terms of finetuning this package?

Prof. Moses—No, I do not. I hold the minister accountable in public for what he has promised. I was not making a special plea for UNE, because a number of other universities will be affected, so UNE was not benefiting from something on its own. It was all universities, particularly those in the regions which have distance education—and that is quite a significant number.

Senator TIERNEY—This would be Charles Sturt University in particular, Deakin, the University of Central Queensland and the University of Southern Queensland.

Prof. Moses—That is right.

Senator TIERNEY—And that then aids regional universities, because they happen to be regional universities.

Prof. Moses—Absolutely, and our point is that the whole infrastructure for this distance education—like our library and our administrative staff—is in the region. Everything happens from here. The costs associated with that et cetera are incurred here, so it is vital for the region itself that we stay here and do not outsource it to, say, Sydney or Brisbane. We acknowledge that the minister has listened on this and has accommodated what the regional distance education providers pleaded for.

Senator TIERNEY—I move to the area of marginal enrolments and the changes in the package there. Virtually every university has overenrolment funded at a lower rate, and now we are proposing to fund those places fully. What is the effect on UNE there? You might also want to comment on the change in the cap for overenrolment from two per cent to five per cent.

Prof. Moses—UNE overenrolled last year. It was not intentional or strategic. I think it happened because the modelling was wrong. The modelling is only ever modelling. You do not know why people take up an offer or not. Sometimes it has something to do with the labour market. Sometimes it has something to do with how other universities organise their cut-off points. In any case, we overenrolled, and even before this year's budget paper came out we had determined that we had to cut back on the overenrolment, because it was not strategic. So we welcome the new funding of overenrolment, and we most definitely welcome the fact that under the new scheme the bench before the penalty sets in has been extended to 105 per cent.

Senator TIERNEY—Have you done any costings on the improvement to the funding of the University of New England by the funding of marginal places to full places?

Prof. Moses—Yes. It brings us an extra \$650,000.

Senator TIERNEY—The third thing I would like to raise relates to Australian workplace agreements. You made a lot of this in your opening statement. What is proposed is that universities make available Australian workplace agreements. We are not proposing to have them right across the sector, even though the excellent editorial in the *Australian* this morning, ‘A good deal for academics’, says that is what we should do. We are not proposing to do that. Given that we have put up a minimalist position, which is that they be available if staff want to initiate access to them, why would that create a great deal of problem for the university?

Prof. Moses—I would not have a problem with it, but the unions have to work with us and the unions are absolutely against it.

Senator TIERNEY—They just want to protect their closed shop. Why should we do that?

Prof. Moses—No, it is not a closed shop. As a university, we have no intention of entering into individual agreements. It is just not doable with the number of staff we have. We already have contracts for everyone who has—

Senator TIERNEY—That is my next point. You actually do that in some circumstances.

Prof. Moses—Yes, we do, but I think they are common law contracts.

Senator TIERNEY—But there are staff outside the normal groups who do get paid more funds and there are special arrangements made for them.

Prof. Moses—But you can already do that.

Senator TIERNEY—That is right; you can. And you, I assume, would initiate that. Why not let staff, if they want to, initiate that if they say that they as staff members want this other sort of arrangement? Why is that a problem?

Prof. Moses—I would be very happy to include in our EB agreement that staff have the option but they are not required to take it and we are not pushing them.

Senator TIERNEY—That is what it says. That is exactly what—

Prof. Moses—We are only one of the partners in the agreement and if the unions do not agree then we cannot act. That is where the unfairness comes in—that the university’s funding, which is for our students, is dependent on something where we as management have no control.

Senator TIERNEY—But it is not a terribly onerous condition.

Prof. Moses—Were you able in the previous section to persuade our staff unions?

Senator TIERNEY—Again it comes back to the union wanting to protect their closed shop. We have Australian workplace agreements across a whole range of industry. This is the way the world is moving. I know the unions do not like it, and obviously they are going to oppose it because it ends a cosy arrangement for them. We are talking about the flexible use of universities.

Prof. Moses—But it is not really cosy. They are partners in it, and we are working together to get optimal conditions for our staff. We are competing on a world market. Already our salaries are too low. Our conditions are better than in many other countries, but our salaries are not.

Senator TIERNEY—Can I ask if it is optimal for your university. What happens with these arrangements currently is a pattern bargain arrangement where a university that is perhaps better funded will be the pacesetter and then it is set as a condition across the board. That then disadvantages you financially because you do not have the flexibility; you just have to follow what the other universities are doing. Surely that is to the disadvantage of the university.

Prof. Moses—The present EB round worries me greatly—there is no doubt about it—with the way New South Wales has gone. I do believe, though, that in this round there will be an acknowledgment that certainly smaller and regional universities will not and cannot match Sydney or New South Wales. They are actually dealing in a slightly different market.

By the same token, I would say one of the virtues of the Australian university system has been that universities—certainly old universities—were relatively similar and were able to recruit staff and students from each other, which meant that the infrastructure and the standards were fairly comparable. So if we want to have staff who are competitive in the higher education market in Australia, in order to get them here they have to receive fairly similar salaries—with a slight discount for being in a region, I suppose—to other people. I do not think that we as a university can afford to underpay our staff. I have already promised staff they will be in the middle of the pack, where they are now. Our staff at the moment, depending on their level, are between the upper middle and the lower middle—but they are in the middle. We will enter negotiations on salary packages after the legislation has gone through and we know where we sit.

Senator TIERNEY—In terms of attracting staff—and it is always difficult in regional areas, because people might be at city universities and they have to move out and that often creates problems in terms of housing and their own personal circumstances—wouldn't a more flexible system be more to the university's advantage in attracting staff and funding?

Prof. Moses—No, on the whole—

CHAIR—Less money.

Prof. Moses—No, you do not want to get less money—

Senator TIERNEY—Senator, I said to attract them. I do not think that is going to attract them. Obviously the flexibility can also mean extra money.

Prof. Moses—We already have that. We have a number of people in a number of areas where we have repeatedly advertised and have not been able to get someone and where we give what we call market loadings, which are negotiable. We already have that capacity and we are already flexible. We certainly would not want to pay lower.

Senator TIERNEY—If I can remember rightly, that was fought tooth and nail when that whole idea was proposed originally about 10 or 15 years ago. Now it is good practice. My point is: let us free it up a bit further.

CHAIR—Just before I go to Senator Stott Despoja, can we talk about the document you have tabled here, which we appreciate. It says here that you have an adjustment compensation for 1.5 per cent in HECS and the RBF, which is research block funding. What is that?

Prof. Moses—Oh, God. I said to our planning director this morning, ‘What is this?’ He explained it and I have forgotten it. But it is something which he has been advised will happen because the HECS load is dealt with in a way different from before. I cannot give you the ins and outs, but the department should be able to give you an answer.

CHAIR—Do not worry; the department will. What I am interested in, though, is how it is that I have never heard of this before. I am not sure; maybe other senators are familiar with it.

Prof. Moses—Over lunch I will give you a few more words on that. I will get it from our planning director.

CHAIR—This is an unusual amount. It happens to be almost the amount of money that is the difference between the two figures. I am just wondering about the veracity of the claim by the department.

Prof. Moses—It is not for us alone; it is a general adjustment.

CHAIR—Everyone gets this?

Prof. Moses—The RBF would be ours, but it is how it is calculated. I will get you a few more words from the director of planning.

CHAIR—I would also appreciate a DEST document to back it up. That would be really helpful.

Prof. Moses—I will ask for it, but I am not sure that there is one.

Senator STOTT DESPOJA—Chair, that was useful, because I was going to query whether or not that indicated perceived internal increased income was based on HECS increases. If you, Professor Moses, would perhaps provide information later that would be good. In relation to that document, the figure below it is interesting too—the figure of \$1,211,711, which relates to the workplace relations.

Prof. Moses—Absolutely.

Senator STOTT DESPOJA—Even though this document that you have tabled today demonstrates that you would be marginally better off under the revised proposals, if you take out that figure—which you and others have pretty much acknowledged is not workable and is arguably undesirable—you are worse off. If you take out that million dollar figure, the university is worse off on these figures.

Prof. Moses—You are absolutely right.

Senator STOTT DESPOJA—So I have a broad question for you, Vice-Chancellor. I am hearing queries and concerns raised from, as Senator Carr put on record earlier, Professor Gavin Brown from Sydney, extensive submissions with critiques and your submission, which is also a compelling document about the deficiencies in this package. You are also astute enough to remind us that you have a conflict between your AVCC role and your role as a vice-chancellor here today. But, given that you do not know whether you will get that money, why do you suggest we pass this package?

Prof. Moses—I do, because there is at the moment no alternative. The universities need new money—there is absolutely no doubt about it—and that package actually promises new money.

Senator STOTT DESPOJA—If we can go to your vice-chancellor hat, your university—like any other—needs more money. But if the package passes in its current form, you are at least a million dollars worse off under the figures if we take out the workplace relations governance changes—assuming you do not get that.

Prof. Moses—No. We would be working with our staff unions to get that money. We got the so-called Kemp money. We worked together, we met the criteria and we got it in both rounds. I think we would be able to come to a satisfactory arrangement, because everyone in the university knows we need that money.

Senator STOTT DESPOJA—Assuming that therefore you get those changes, obviously you and others have put on record what the consequences of that will be—not in financial or fiscal terms but in relation to who knows what when it comes to unrest. In five minutes the NTU are holding a meeting at the University of Sydney. For the first time in years we are seeing industrial action at universities which has certainly not been provoked, as far as I can see, by the institutions or the staff. Those consequences aside, even under your modelling of the best case scenario, you are \$985,519 better off. Is that worth it for all the other consequences which you have reminded us of: the student debt and the real interest rates plus CPI for loans that the AVCC submission also talks about—all of these issues? I am really grappling with the fact that, on our third day of hearings, vice-chancellors are telling me what is wrong with the package but are telling me to pass it.

Prof. Moses—We want it passed with amendments, not as is.

CHAIR—What if the government will not agree to the amendments? What then do you say?

Prof. Moses—I do not think the sector would be better off. I have to say that, at the moment, there is no alternative. We do need money. Part of the package is what the vice-chancellors as a

group asked for, but not all of it. To come back to my opening statement, the biggest omission is the indexation. If we had decent indexation, a whole lot of our woes would not be there.

Senator STOTT DESPOJA—At the risk of asking another political question—and I asked this of another vice-chancellor—why did you not hold out for indexation? You are a powerful group.

Prof. Moses—Are you saying we did not? It was the first item in our response.

Senator STOTT DESPOJA—Yes.

Prof. Moses—We have never given up as a group, or individually, on pushing for indexation. We welcomed Labor's indexation, as it was an acknowledgement of how much it is needed. But we have never back-pedalled on that one.

Senator STOTT DESPOJA—Certainly. In relation to the governance changes, obviously there will have to be discussions between state legislative bodies and universities. I am just wondering, firstly, whether your university council has had a debate or a discussion about the proposed governance reforms and, secondly, whether you have had any meetings with the state parliament on that issue.

Prof. Moses—I have talked to the Minister for Education and Training in New South Wales about this. I have said that, as a person and as a member of council, I did not think that our council would be endorsing that it would be desirable to have no elected members. I have put the national protocols before the council. We have a council meeting, I think, on 11 October, where I will be putting into the papers a recent statement from the New South Wales Vice-Chancellors Committee and one from the chancellors. The New South Wales minister has said that he would like the New South Wales chancellors and vice-chancellors to come out with a joint statement which he could then take into the national forum for discussion. So our council certainly is informed in terms of what is proposed. Its nearly meets the size requirement—our council has 18 members, and a 19th member can be elected by the council. So at the moment we actually have 18 members.

Senator STOTT DESPOJA—Have you met with any federal members of parliament, including the minister, in relation to this package?

Prof. Moses—Yes, repeatedly. In fact, when we had the three-day Universities Meet Parliament in June, I was a member of the delegation and I also met individually with other people, such as Senator Tierney and Senator Sandy Macdonald. When we were there as a group we met with ministers and also with backbenchers from all parts of parliament, both the House and the Senate.

Senator NETTLE—Taking the assumptions of the latest modelling that you have done, how does that financial situation compare with the situation that you were in in 1996? There has been a history of funding cuts to the higher education sector from the Commonwealth. In terms of the funding cuts that happened in 1996 and where UNE was then, could you give us an idea of how this package compares with that situation?

Prof. Moses—In 1996 I was not here, and the university was in deep trouble. I came in the middle of 1997. Since then, particularly in the first few years, we have had extraordinary streamlining, rationalisation and all sorts of things in order to make sure that what we are offering is of high quality and also that staff have time to do research and many other things. So we had smaller enrolment, guidelines et cetera. The financial situation of the university in 1996 was pretty disastrous. Now it is tight, but it is managed and we can project. So the cuts did affect us badly, but the university was already in such a bad state that I do not know what contributed to what.

When I came here I was asked to slash \$7 million from our budget immediately. That was in addition to the other cuts. So the university has gone through a very tight period. But, where we are sitting now, things are managed well—both our state and federal governments have said that—and the management is transparent. The university was affected, but it was more affected by the amalgamation, the disamalgamation and then the untangling of it all. Any cut, though—any real cut and also the actual loss in per student funding which happened in the system—does affect the university. That is why I am saying we need an injection of new money.

Senator NETTLE—You said that when you first came in you had to make significant cuts. Is it possible to compare the financial situation of the university then, after you made those cuts, with the situation now? How do they relate to what is predicted here?

Prof. Moses—No, I could not. But it would all be in our annual reports to parliament, because we have to provide financial information in those. I am sorry, but I really do not know.

Senator NETTLE—That is okay. You have described many times your need for finances out of this package. Have your negotiations with the minister over the funding for external students been driven by the desperate need for funding that you have been putting to us?

Prof. Moses—I would not want to have the term ‘desperate’ in *Hansard*. They were certainly driven by a need for funding but not a desperate need. There is no doubt there is a need for extra funding, and I think once you go into regional loading you have to acknowledge that servicing external students—if you do it well—actually costs quite a bit. If you just have print material and you send it out through normal contact, then it is fine. But that is not how we operate. So it was driven both by our need for funding and, in terms of fairness, by what seemed to be right. That informed our arguments.

Senator NETTLE—You made comments before on what you were expecting to see with regard to industrial relations and the guidelines you saw on Monday. Also, Senator Carr has made comments about wanting to get information from the department in relation to the latest discussions you have had with the department. Does that give you certainty, in terms of your relations with the federal government, on this issue of additional funding for your external students? I refer to your experience of the current funding we have talked about and of the workplace relations regulations being very different to what you expected.

Prof. Moses—I have no doubt that the moneys promised to us will come. I have absolutely no reason to disbelieve the minister.

Senator NETTLE—Even in the light of what you have seen?

Prof. Moses—The workplace reform agenda is not driven by him.

CHAIR—Who is it driven by?

Senator NETTLE—It is jointly driven by Brendan Nelson and Tony Abbott.

Prof. Moses—It is a joint statement; I agree. But our understanding is that it is Tony Abbott who is driving it.

Senator STOTT DESPOJA—Where does that understanding come from? Is that the AVCC position?

Prof. Moses—That is informal. It is my informal understanding, from talking to various people, that it is not the minister who is pushing it. I cannot judge what happens in cabinet, but there will have been discussions about under which conditions money will come forward. So, while the workplace relations guidelines were a deep disappointment to us, on the actual sums promised to us I have no reason to disbelieve what we have been told.

CHAIR—How can they be delivered, given what the union have said and what the conditions are in that statement made on Monday? They go beyond AWAs to a whole range of other things. How can that money realistically be expected to be delivered?

Prof. Moses—I trust you as senators will be persuasive when it comes to modifying the package.

Senator NETTLE—I have two more questions. One relates to your current overenrolments. By what percentage are you currently overenrolled?

Prof. Moses—It is within the guidelines. We could have more without being penalised, so to speak. It comes back to the modelling. This year, not just at UNE but also at other universities, possibly because of the impending changes, we have actually had more students staying in than before. Even though some people drop out without paying, they come back in second semester. This year we have had more people coming back than before, and that will have a pipeline effect. But at the moment we are within comfortable limits, in terms of the package.

Senator NETTLE—In order to ensure that you do not incur the financial penalties for overenrolment that are in the package, will you need to reduce student positions available next year?

Prof. Moses—We do not need to, but we might want to because, as I said, our overenrolment last year was not something which was planned—it just happened; it was un-strategic. So this year we have already reduced our intake of students. It is not because we have to; it is because we as a university said, ‘We don’t wanted marginally funded students unless they are in areas where you already have large student numbers and the marginal costs are small.’ No-one has forced us to cut back on student numbers; we ourselves are managing it in terms of our strategic priorities.

Senator NETTLE—How does the difficulty of modelling the overenrolments as they come in relate to the requirement now that you will face financial penalties if you are not below that five per cent? Are you concerned about your ability to model overenrolments?

Prof. Moses—No. We were concerned—not just us; I think everyone was concerned—when the band was smaller, but in the legislation it has been extended to 105 per cent, and we can deal with that extra five per cent.

Senator NETTLE—My last question relates to student fees. Has your university council or senate had any discussions to date about the capacity of UNE to increase HECS, as you now have the opportunity to do, given the people from which you draw at the university?

Prof. Moses—Our student body, and staff body for that matter, was very worried when it came on the agenda some time ago, and I am worried about access, so I proposed to council to pass a resolution—I think it was last year—that, unless we got less money from the government, we would not add fees. At that stage they were called ‘fees’, not differential HECS. As a council, we have not discussed it. It is premature, because we do not actually know yet what we are going to get. But I have said that we will be talking to our students, if we need to, about what they think would be tolerable. I do believe, and some of the students I have talked with informally have agreed, that for most students it would not make a substantial difference whether they pay \$5,450 or \$5,850. But for the university, if you have hundreds, or even thousands, of students, it might make a difference. So we will model it, we will discuss it with students and then we will take a proposal to council.

Senator NETTLE—Do you have a process planned of how you will be consulting with students to determine what might be the negative impact of fee increases for them?

Prof. Moses—I have it in my mind. I have said that I will consult, but I will wait to see whether the legislation is passed. If it is passed, then we will start consulting early next year, because it will not be passed until the end of this year.

Senator NETTLE—So you will not be consulting the student body about potential increases in fees until after the legislation is passed?

Prof. Moses—That is right.

Senator NETTLE—Thank you.

Senator CROSSIN—Professor, how many general and academic staff are employed at UNE?

Prof. Moses—I think there are about 1,200 staff, and more general staff than academic staff. There are just under 500 academic staff.

Senator CROSSIN—Let us take a scenario where the workplace agenda being imposed by Minister Abbott is adopted at this university. You are fairly confident you will get that money; the only way that I can see you are going to get the money is if the NTEU agrees to include the clause regarding AWAs in their next enterprise agreement. Let us take a situation where that happens and at least 75 per cent of those 1,200 staff come to you and say, ‘We’ll have an AWA,

thank you, Professor.’ How are you going to resource that? What costs will the university incur in having to write, negotiate and register a significant number of AWAs for the staff?

Prof. Moses—That is a very unlikely scenario but, even if you agree—

Senator CROSSIN—If it is so unlikely, why agree to it?

Prof. Moses—It is very unlikely. I think even Senator Tierney said it: ‘You don’t have to do it; you just have to allow it.’ We do not expect that the majority of staff would want to do it, and if they did then we would have contracts fairly similar to what we have now. Contracts are now, in a way, individualised because they put in what you teach, what you do and what your functions are. So, in a way, contracts are already individualised. I think that, yes, in terms of registration you are absolutely right: there would be costs. But I think we will cross that bridge when we get to it.

CHAIR—Do you support a full rate of interest being charged on the new loans that are being proposed?

Prof. Moses—No.

CHAIR—Thank you, I have asked that same question around the country, and I have not found a vice-chancellor who does support them. I turn now to the modelling that you have provided us with. Looking at the present funding arrangements, it says here that there is a cap of 2.3 per cent for 2004 and 4.7 per cent in 2005. Underneath that, the modelling lists the government’s issue at 2.5 per cent. Is that not double counting?

Prof. Moses—Are you talking about the figures under the present funding?

CHAIR—Yes, the present funding and the estimated funding arrangements there. I am looking at the out years on the top line and I am wondering why you have included it in the bottom line as well.

Prof. Moses—I do not get it.

CHAIR—Nor do I.

Prof. Moses—No, I am not getting what the question is.

CHAIR—I am looking at the lines in this modelling about the 4.7 per cent in 2005. How have you reached that conclusion of 4.75 per cent in 2005? What is the basis of that calculation?

Prof. Moses—That is the present funding mechanism. That is the projection we have had from the department—an advance projection, as we tend to have on a modelling triennium.

CHAIR—Then you have this other projection down lower of additional amounts of money.

Prof. Moses—Yes.

CHAIR—I am wondering, is there not, therefore, double counting there? You have assumed the amounts will come twice.

Prof. Moses—No, I do not think so.

CHAIR—Could you check that for me, please?

Prof. Moses—I will, but I am absolutely sure that there is no double counting.

CHAIR—You have indicated that the university has been under some considerable financial strain since 1997. In those years, how many years have been in deficit?

Prof. Moses—Probably a couple. I suppose we have not been able to build up heavy reserves—some of it is due to accounting measures.

CHAIR—I understand your argument that there would be accounting measures, but have the last three years all been in deficit?

Prof. Moses—No.

CHAIR—Which ones have been in deficit? Are we currently in deficit?

Prof. Moses—No. It comes back to how you account for it. We present a balanced budget to council.

CHAIR—I am not talking about what you present to council; I am talking about the figure you report to the department of education, which then ends up in the Senate. My recollection is that you are in a serious financial position and that the operating margin has been deteriorating in recent years. Is that true or not?

Prof. Moses—It could be, but I would have to check that with our finance people. I am sorry, but I would really have to check that.

CHAIR—Thank you. The reason I raise this is that—I have my trusty assistant here, who has helped me with this matter—according to my figures, in 1998 you were \$1.1 million under, \$4.4 million under in 1999 and \$5 million under in 2000. There was an improvement in 2001. Do you remember the figures for 2002, which were released recently?

Prof. Moses—No.

CHAIR—I am raising that in the context that this university is operating very close to the mark.

Prof. Moses—True.

CHAIR—The sorts of calculations that we are discussing here leave very little room for error. Would you agree?

Prof. Moses—Yes, I would agree. I might say though that, as a university, we are trying and have been trying for a number of years now to increase our income. We are still one of the universities most highly dependent on government funding, so we are hoping to improve our position by different sources of funding. We are working very hard on that. So, yes, it has been very close to the margin.

CHAIR—I am not attacking you or the university. I am just making the observation that the financial position of this university—given the overall sector—is much weaker. If I go through your enrolments, your borrowings, your research income, your research load and your completions, I can see that you suffer a number of considerable disadvantages.

Prof. Moses—In terms of our enrolment, it has been going up every year.

CHAIR—Yes, but the point I made is in comparison to the sector. I am saying that, in that context, there is very little room for error. Would you agree?

Prof. Moses—I would.

CHAIR—Therefore, it is pretty important that we get these figures right.

Prof. Moses—Yes, I agree too.

CHAIR—Would you be able to provide us with further material to back up the assumptions that are made in this model?

Prof. Moses—Yes, I would.

CHAIR—Finally, you have before you a statement by Professor Brown of the University of Sydney, and no-one would dispute that that university is a big winner out of this package. Do you see the quote I have highlighted, where he talks about the deficiencies in the package? I do not need to read them all out because I read them out before. If that is coming from Professor Brown—who is a big winner—what does it mean for this university?

Prof. Moses—I would agree with most of the statements he made. I have not mentioned VSU, but I have certainly written about that. We do not support it, and I think it is one of the areas where vice-chancellors, staff and student associations are all in agreement. I cannot speak for the vice-chancellor of the University of Sydney, but I assume he actually wanted greater deregulation than he has.

CHAIR—No. He argues the other case. He says that, from his point of view, this package is not good enough.

Prof. Moses—That is what I mean. He wanted more deregulation.

CHAIR—Then he points out all these factors, and there are seven of them there.

Prof. Moses—But all of these are actually things which the AVCC has said in reaction to the package.

CHAIR—If we were to amend the package and include all of those, do you think the government should accept all of those amendments?

Prof. Moses—Of course we do, because that is what we have put before the government.

CHAIR—Thank you very much for your time today. We appreciate that.

[12.19 p.m.]

BURNS, Mr Shane, General Manager, Armidale Dumaresq Council

CHETWYND, Mr Brian, Mayor, Armidale Dumaresq Council

CHAIR—I welcome the Mayor and the General Manager of Armidale Dumaresq Council. Thank you very much for coming today. I just indicate that some senators are leaving because they have to catch the earlier plane. They are not being rude, but I apologise in advance. The committee has before it submission No. 453. Are there any changes you wish to make?

Mr Burns—There is only one word in the fourth paragraph on the second page between ‘cannot’ and ‘to’—we would add the word ‘afford’.

CHAIR—Thank you. The committee prefers all evidence to be given in public, although the committee will 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 Chetwynd—Thank you for the opportunity to make a submission before this inquiry. I appreciate that opportunity. The statement that I wish to make really refers to the importance of the University of New England to our community. I do not propose to suggest that my area of expertise relates to fees and detailed information on the structure of the university. However, what concerns me greatly is that it appears that there is a general reduction in education and that this is disadvantaging regional communities. In recent years restructuring has affected the University of New England. Many hundreds of jobs have been lost and that has had a dramatic negative effect on our community. Education basically is our industry here, not only in Armidale but regionally.

Between the 1996 census and the 2001 census Armidale’s population had a decline of some 5.5 per cent. I am not suggesting that that was only as a result of the reduction in university jobs and the flow-on effects, but that was certainly a major contributor. I believe that one of the most important aspects relates to the social and the economic flow-on effects should education funding be reduced. By the university’s figures, I am informed that in 2005 they will be about \$1.5 million short. I know that that is subject to some recent announcements by the minister. I am not privy to that particular information so I can only say to you at the moment that that proposed reform suggests to me \$1.5 million. There is only so far that one can go.

Let me take you back for a moment. In 1969, when Armidale’s population was probably not that much less than it is now, a very detailed analysis and study was done in respect of populations, with projections to the year 2000, and particularly in relation to university numbers. The assessments were that Armidale’s population minimum by the year 2000 should be 35,000, with on-campus students at probably 5,500 to 6,000. Armidale’s current population in terms of its city is 21,000, and of course there are a lot fewer on-campus students.

I recognise and acknowledge that there are some differences, and distance education plays a larger role. The point that I want to make you, though, is that there is quite a considerable economic flow-on effect. I would like also to briefly mention to you that there are many industries, particularly research and research linked industries, here in Armidale that are here directly as a result of the University of New England. Those industries have a very strong linkage to and dependency on research issues. Again I acknowledge that research funding is increased, and we are very happy about that. The question that I am posing here is that continual reductions may well lead to a continued reduction in faculties or in the various courses offered.

I want to mention a recent situation that occurred here in Armidale with the prospect of the establishment of an international school with some 300, 400 or 500 students. Many of those students would probably go on to the University of New England. I acknowledge that these would be full fee paying students, but the issue is that the faculties and the various courses that are offered are absolutely fundamental to such things as an international school being established.

I want to also acknowledge very clearly the fabric and linkage of all the student organisations and the effort and contributions that they make in the community through sporting facilities, cinemas, support for our Indigenous keeping place and cultural centre—which is from the University of New England itself—and a huge raft of social linkages and connections that make this university a fundamental part of our community and fundamentally important. I believe that we should be resisting any prospect of a reduction in funding to regional universities but again I acknowledge that there is a regional loading. Again, I am happy with that. Thank you for hearing my statement.

CHAIR—Mr Burns, did you want to say anything?

Mr Burns—The only thing I would like to add and highlight, in addition to the extensive submission I have already made, is that, with regard to the issue of reduced funding and the impact on the university ability to operate, the reduced funding that has been experienced over a number of years has forced, by need, the university to become efficient and effective. But you can only go so far. You get to a point where you only have so much in the way of costs savings and I think we are very much at that point. So any further reduction in future in the revenue sources for the university is likely to have fairly detrimental effects not only on that organisation but also on the broader community.

CHAIR—You heard the evidence before you came to the table. I trust that there is considerable dispute as to what the nature of these enhancements means for the university, so we will stay away from that. I acknowledge that you are saying that that is not your area of expertise. I would like to ask you about the situation with regard to the university's contribution to the regional economy. I am told that in 1999 the estimate was that the university contributed \$280 million each year to the local economy. Do you have any idea what it would be at the moment?

Mr Burns—No, we do not. That was a study that was done at that particular time. There has been no other study that has been done that we can rely on about the amount that the university would contribute to our local economy.

CHAIR—Okay. I am told that that amount of money—and I am assuming that it remains relatively consistent—is about a third. Would that be right?

Mr Chetwynd—Yes. It is about a third of our local economy. Obviously one would not need to be an economist to recognise that that has a huge impact. Also, there is flow-on involved in those figures.

CHAIR—Are you able to give us any indication of the total local work force that is directly employed through the university?

Mr Chetwynd—There has been no definitive study to my knowledge but earlier I did allude and refer to research based industries, for instance. I know that there are three companies here in Armidale. I may have mentioned New Horizon products, which I understand employs probably 30 or 40 people. That is an educational software company, which is quite dependent. There is another agricultural research company—Bioniche—which is a Canadian company that is directly employing people and is linked with research. There are also of course things like the breed societies. The employment level probably is, I guess you could say, slightly watered only in the sense that there may be no absolute direct connection—one cannot say that the employment is definitively dependent.

CHAIR—I am told that about 8,000 out of the 25,000 local population may well be attracted to the city as a result of their relationship with the university. Would that be right?

Mr Chetwynd—I would agree with that figure. I can say to you that anecdotal evidence is presented to our council on a number of fronts and that we are very active in the economic development of Armidale. A number of the people who come to Armidale directly state that they have a linkage with or are here because of the university. There is some very strong anecdotal evidence.

CHAIR—So would it be fair to say that the university is the lifeblood of the city?

Mr Chetwynd—Yes, it would be fair to say that.

CHAIR—You would have to agree that the financial standing of this university, whether it is \$800,000 this way or that way, is critical to this region.

Mr Chetwynd—Yes, it is. I agree with that.

CHAIR—What would be the consequences if the university went belly up?

Mr Chetwynd—I would say that Armidale as a city would be in dire straits. But I would further suggest that the region would also be greatly affected. Armidale has become known as a centre of excellence in education. Certainly the University of New England is the cornerstone, the linchpin and the shining star in that. But as a result of the University of New England being here there are very good private schools here. I have already mentioned the establishment of a purpose built international school—certainly, I believe, the first in regional Australia. The linkage is obvious. In representations to us the developers have made clear the linkage with the

University of New England, and there have been a number of discussions in relation to courses. I know they are fee paying students but it is a question of excellence in education.

CHAIR—We have about 4,500 people directly employed at the university. Is that about right?

Mr Chetwynd—Yes, to my knowledge it is 4,000 to 4,500. I cannot give you an exact figure.

CHAIR—Given that so many of the town's population are directly employed here, what do you think of the industrial relations changes, bearing in mind that these are industrial relations proposals that do not just go to academics; they go to every single employee of the university? What is the local government's view of the government's industrial relations plans and the linking of the funding for this university to adherence to those changes?

Mr Burns—Generally, most industries are looking at industrial agreements, workplace agreements and individual employment contracts as ways to get productivity up and thereby meet all the needs of the organisation and the associated cost cutting that is required for them to be viable in future. The university would not be isolated from that trend and that movement. I would say that the university would have to look at its application, as do most other industries.

CHAIR—The productivity changes at this university, you have just told me, have been profound. There have been profound increases in productivity without AWAs and without the industrial disruption that comes with them. How many AWAs are there in the region? We get the lists. There are very few across country. Why would this region be so special?

Mr Burns—You are still able to get productivity gains without the necessity of having an industrial agreement. As you have indicated, that has already been achieved.

CHAIR—In your council, for instance, do you have your money from the Commonwealth government tied to industrial relations policies?

Mr Burns—Sorry?

CHAIR—Does the Commonwealth government impose conditions on Commonwealth grants related to the industrial relations practices of council?

Mr Burns—No, they do not.

CHAIR—Do they apply them in the Australian Public Service?

Mr Burns—Not to my knowledge.

CHAIR—Why should they apply them at this university?

Mr Burns—I am not suggesting that they do. I am suggesting that they may look at it.

Senator TIERNEY—Senator Carr and I have had a meeting of minds at last on the importance of universities to regional economies. That was going to be my first question, so I will move past that because it has been covered quite well. In relation to that, given the

importance not just for your region but for right across New South Wales of a number of universities to regional economies, is there any linkage between the shires in terms of pushing for the interests of universities as a local government group?

Mr Chetwynd—Armidale Dumaresq Council is the council of the local government area in which the university is situated, and it is obviously its greatest advocate. Through the New England Local Government Group, which is an eight-council group here on the Northern Tablelands, there are considerable communications and linkages and there are a number of visitations, as I understand it, from university staff and academics, relating to all sorts of courses. I think part of the reason for that is that a great number of students would come from the region specifically. If you are referring to other linkages—

Senator TIERNEY—Council to council—Dubbo, Bathurst, Albury, Wagga and other cities that have university campuses.

Mr Chetwynd—Country mayors would be probably the forum in which those issues would arise. I cannot say to you that there have been specific agenda item discussions on that, but certainly behind the scenes there are informal discussions.

Senator TIERNEY—One of the proposed changes in this bill relates to governance—councils of universities should perhaps be a little more streamlined, a little more focused, particularly on the business interests of the university. Given that they are big businesses in their own right and, in your case particularly, link into the regional economy, would you support such changes to create councils in this sort of model?

Mr Chetwynd—I cannot give you a value comment. I am not on the university council. I have no specific detailed knowledge of how university councils work from day to day. It is only a generalised knowledge. I would not say that I would reject a proposal that relates to university councils meeting the challenges of modern business methods, but I also cannot suggest to you anything to improve that without more specific detail.

Senator TIERNEY—During your opening remarks when you spoke about the problems of this university, I was quite amazed that you did not mention the fundamental problem which had created such difficulty for this university over the last eight years. The amalgamation, disamalgamation, process put the university more than \$20 million behind the eight ball, and it has been trying to catch up since—and it is nearly there, as you know.

Mr Chetwynd—Sure.

Senator TIERNEY—You did not mention the main cause, which I thought was a little disingenuous.

Mr Chetwynd—I do not know that I would suggest it was the main cause.

Senator TIERNEY—A \$20 million hole—I think the university thought it was the main cause.

Mr Chetwynd—I am not suggesting it was not a disastrous situation with \$20 million—

Senator TIERNEY—Totally.

Mr Chetwynd—What I was putting was the social and economic impact and the importance of the university. I clearly say to you that in recent years there has been a restructuring and downgrading, and that concerns me. If you are suggesting that part of that is the \$20 million, I am not going to say yes or no.

Senator TIERNEY—Of course it is. Universities operate on a very fine margin, particularly in regional areas. That \$20 million made a huge difference; it drove a lot of things that the university had to do. You also talk about this package in terms of reducing funding to this university. I found that incredibly curious. Reading from the figures tabled this morning, funding for 2003 is \$82.5 million, and for 2005 it is \$87.5 million. That does not look like a reduction to me.

Mr Chetwynd—I was quoting the university which publicly stated that in 2005, under the proposed reforms, it would be \$1.5 million worse.

Senator TIERNEY—You did not hear the discussion with the vice-chancellor this morning when this document was tabled and we were discussing it in the light of these figures. There have been some adjustments, even in recent days. I thought we should correct that for the public record. As you have put in a submission that is fairly critical of the federal government, I was wondering whether you are also critical of the state government. The figures that we have show that the state government is a net drawer of funds off the University of New England through a range of state taxes and whole range of compliance costs. State governments put in legislation that universities, like other organisations, have to comply with but they never put in any funding with it. That puts a cost impost on institutions such as universities. Have you ever approached the state government about regional development matters—that perhaps they should be more supportive of regional universities and not be taking funds from universities?

Mr Chetwynd—I have made a number of representations to the state government on many other issues. I would say to you, Senator, in direct answer to your question, no. I would also suggest to you that I would be very critical of any government which wanted to continually slash or reduce education, particularly in regional areas.

Senator TIERNEY—So you don't think that putting in another \$1½ billion of public money over the next four years, putting in a regional adjustment package as part of that and giving universities greater flexibility is a better way to go than what exists?

Mr Chetwynd—I acknowledged the government's compensation to rural universities and I acknowledged the regional loading; I was not critical of those measures. But it seems to me that from a community perspective there will be a reduction and it will have an effect on this university and this community.

Senator TIERNEY—Finally, the figures that were agreed this morning show that there is not a reduction and that the transitional—

CHAIR—We do not agree.

Senator TIERNEY—No, the minister's office this morning said that the transitional funding arrangements will mean that there will be no loss of funding to this university. That is the position; we should not misrepresent it.

Senator STOTT DESPOJA—I had a question which, predictably, was going to be about the economic impacts and the flow-on, but that has been managed, so I want to ask about your last point, which was about the impact on the community. The submissions, and your submissions in particular, gentlemen, have once again reminded us of the linkages and the fact that the university is the lifeblood of the community here. At the risk of doing a Senator Tierney and shamelessly exploiting my relatives, I have an uncle here—Wal Stott, who is a bookbinder—and at least two cousins who work here, and it is made very clear to me just how important the university is. What would be the effects on the psyche of the community—not necessarily the effects of a university going belly up, to use Senator Carr's expression, but the effect of increased fees for students, a lack of accommodation and, more specifically, getting rid of the student union, because that is a real threat?

Mr Chetwynd—In my view, it would have a devastating effect. Just last week, we were graced and honoured by a visit from the Governor-General. His Excellency visited this university and a local property and was amazed at the connections between them. It is not just research and agricultural issues; there is the reliance and the personal connections that have been built up over so many years. That is the psyche of regional Australia insofar as this university and this region are concerned. Those relationships are not put down only to dollars and economic terms; they are fundamental relationships. As a council, we have communication with various areas such as the Institute of Rural Futures, with whom we are about to commence looking at a number of partnership areas. Those things come from informal discussions. That is part of the psyche, and it would have a devastating effect if there were a reduction or, as may have been suggested, if the university went belly up, for instance.

Senator STOTT DESPOJA—Mr Burns, in your capacity in relation to services, what would be the impact of VSU and the possible closure of student unions such as the one at UNE? Would they have an impact?

Mr Burns—They certainly would. Everyone recognises the linkages that the university has with the broader community, particularly in the provision of sporting facilities and in the provision of employment to students. That is one of the things that the student unions are successful in—providing a revenue source for students to enable them to survive in an internal capacity at the university. I would accept and acknowledge that the student union and the university are critical to the infrastructure and that the linkages that we have are certainly needed for the community to thrive.

Senator STOTT DESPOJA—Thank you.

CHAIR—Thank you very much for appearing here today. It has been very helpful.

Subcommittee adjourned at 12.44 p.m.