
COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

# SENATE

## EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION REFERENCES COMMITTEE

## SUBCOMMITTEE

**Reference: Higher education funding and regulatory legislation**

TUESDAY, 30 SEPTEMBER 2003

PERTH

BY AUTHORITY OF THE SENATE

**INTERNET**

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **http://www.aph.gov.au/hansard**

To search the parliamentary database, go to:
**http://parlinfoweb.aph.gov.au**

**SENATE**

**EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION**

**REFERENCES COMMITTEE**

**Tuesday, 30 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

**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, Greig, Johnston and Nettle

**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 universites, including the impact of the Commonwealth Grants Scheme, the differential impact of fee deregulation, the expansion of full fee places and comparable international levels of government investment, and
    - The provision of fully funded university places, including provision for labour market needs, skill shortages and regional equity, and the impact of the 'learning entitlement'.
- The implications of such proposals on the sustainability of research and research training in public research agencies
- The effect of this package on the relationship between the Commonwealth, the States and universities, including issues of institutional autonomy, governance, academic freedom and industrial relations
- Alternative policy and funding options for the higher education and public research sectors

**WITNESSES**

**Subcommittee met at 9.05 a.m.**

**CHAIR**—I declare open this public hearing of the Senate Employment, Workplace Relations and Education References Committee. On 26 June 2003 the committee was asked by the Senate to inquire into the policies and principles underlying the government's higher education package as set out in the ministerial statement entitled Our Universities: Backing Australia's Future. The committee was asked to consider the effect of these proposals in light of the government's stated intention to deliver policies characterised by sustainability, quality, equity and diversity. The committee is examining implementations of these objectives, with particular reference to the financial impacts on universities and students. This includes consideration of radical initiatives in fees and deregulation and the expansion of full fee places, both of which are the consequences of the changes to the government's Commonwealth Grants Scheme.

Other issues that come within the terms of reference include the effects 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, although the committee is due to report to the Senate on 7 November. It is highly likely that the deliberations of the committee and the findings it produces will have a significant effect on the shape of the legislation if it is to pass the Senate.

This hearing is to be conducted by a subcommittee of the 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 in regard to their evidence. There are special rights and immunities attached to the parliament and its members which allow them to carry out their duties without obstruction. Any act by any person which may disadvantage a witness as a result of them giving evidence to a Senate committee is treated as a breach of privilege. I welcome all the observers of this public hearing.

[9.07 a.m.]

**ROBSON, Professor Alan David, Acting Vice-Chancellor, University of Western Australia**

**CHAIR**—I welcome our first witness, Professor Alan Robson from the University of Western Australia. The committee has before it submission No. 368. Are there any changes that you would like to make?

**Prof. Robson**—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 evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. Would you like to make a short opening statement?

**Prof. Robson**—Our submission has three premises: policy reform in higher education is both essential and urgent; higher education is a vitally important foundation of a prosperous society and offers a rich mix of public and private benefits; and, as a public good with substantial public and private benefits, higher education must be resourced through a mix of both public and private funding and striking the appropriate mix is a critical public policy issue. We accept some elements of the package as proposed and we oppose some of them. We would hope to improve some aspects of the package and remove others. However—and this is very important—a simple rejection of the package in total and defaulting to the status quo is not a responsible option. Policy reform is critical and there is no time to delay.

The things we like are the proposed changes to the Commonwealth Grants Scheme, which increase transparency, eliminate systematic overfunding and underfunding and increase Commonwealth funding per place over three years from 2005. However, we are critical of the fact that it is not properly indexed and is not backed with enough resources, so spending on higher education will only have regained its 1996 level of 1.6 per cent of GDP by 2007.

We are also concerned about the shift in the burden of funding from the Commonwealth to students, and in our submission we have some details about that shift. For the same reason, we oppose in principle full cost fees for Australian students, because we believe that all higher education has a public benefit. Australian students who work and pay taxes in Australia will be contributing to that public benefit and they should only pay the fee for the private benefit that they are obtaining within that degree, so we as a university have not taken up the government's offer of enrolling, under the 25 per cent full cost up-front, fee paying students. We are also concerned about the interest rates on the fee help loan, because if you take CPI plus 3½ per cent you get very close to real interest rates. We are particularly opposed to the tying of Commonwealth funding to ideologically based conditions such as AWAs and VSU. We do not see the point of stipulating a standard size of the governing bodies of diverse institutions.

On student places we fully support the proposed increases in fully funded places, particularly the conversion of 25,000 marginally funded places to full funding. We note particularly the serious underprovision of places to Western Australia and to this university. Western Australia

has the second lowest participation rate in tertiary education of any state in Australia, and all the universities in Western Australia have higher cut-off scores for entry than most of the universities elsewhere, so there is a serious underprovision of places to Western Australia. We argue that appropriate demographic analysis should be used to guide place reallocation—an important issue for this state and university—and we estimate that there should be between an additional 2,000 and 2½ thousand places in Western Australia. We are very much against the use of labour market planning to drive the allocation of places. Labour market planning is notoriously inefficient as a device for allocating places. We would like to see the repayment threshold significantly raised from $30,000. Our suggestion was that it should be set at average weekly earnings, which would then have the advantage that as average weekly earnings changed so did the repayment threshold.

That reflects the major areas that we would like to bring forward. We note that Backing Australia's Ability is proceeding, as well as Backing Australia's Future, and we hope that the important nexus between teaching and research is not lost by having two completely separate funding systems.

**CHAIR**—Thank you very much, Professor. I take it that you have read the legislation?

**Prof. Robson**—Yes.

**CHAIR**—Can you think of a piece of legislation ever presented at the Commonwealth level that has been more intrusive in the operations of your university?

**Prof. Robson**—My response to that would be that this is certainly not increasing deregulation; it is increasing regulation. If you look at the cluster areas where people are going to study—say, you were going to negotiate 10 clusters every year—you have to fill places according to those 10 clusters, so that is a significant removal of autonomy. Of course, if you tie funding arrangements to the size of a governing body or the proposition of a governing body or to a particular method of industrial relations, that is very intrusive.

**CHAIR**—It has been described as 'intensively intrusive' by a number of your colleagues. I am just trying to recall—and perhaps you can help me here—a piece of Commonwealth legislation that says that the Commonwealth minister for education has the capacity to determine individual courses that can be taught at your university. I refer you here to clause 30-25.

**Prof. Robson**—I have worked long enough in universities to know that there have been other periods when the Commonwealth did dictate to us the discipline mix of subjects or courses that students were going to undertake. I think that clause is quite intrusive: you will have to negotiate with the Commonwealth government each year as to what the discipline mix of subjects is going to be. I am hopeful that commonsense will prevail in the way those negotiations are handled and that there is a fair degree of autonomy left with the universities in terms of those mixes.

**CHAIR**—Professor, I put to you, though, that in the past when the profile processes were undertaken and information was sought on course load, the Commonwealth—and I think it was Professor Ian Chubb who led the argument at the time—said that they should not be collecting course information, and they moved away from that. In your judgment, why would the

Commonwealth now be seeking for the minister, as distinct from the profiles, to personally intervene in the operations of your university if he or she chose at law?

**Prof. Robson**—If you are going to fund by clusters, it is not unreasonable that the government that is funding them should have some say in what is offered. For example, if universities chose to move all of their students into a very expensive area—let us say into agriculture—and they were funded for the students that they had in agriculture, you would be opening up an open arrangement in terms of what the Commonwealth's commitments were in the funding arrangement. Once you start funding according to where the students are, it is not unreasonable that there be—and this is the key thing—some overriding examination of where that student load is going to be distributed.

**CHAIR**—So you think it is reasonable for the minister to tell you what courses you should offer.

**Prof. Robson**—No, I did not say that. I said that if you are going to fund by clusters, with the actual level of funding that the university is going to get it is not unreasonable that there should be some negotiation about the shape of the discipline mixes within the university. Again, I would hope that, as in the past when we had this—I think in the early nineties we were doing this—there would be a reasonable level of letting what was sensible be run.

**CHAIR**—We are now talking about you signing a contract with the Commonwealth under which you will be penalised if you do not meet it in all respects. This is a substantive change from anything we have ever seen before, in that the minister has the personal capacity to change these things. Are you trying to tell me that that has been done before?

**Prof. Robson**—We sign a contract to say that we have enrolled the number of students that we said we were going to enrol. If we do not enrol the number of students that we have been funded to enrol, there is a penalty now. So what this is doing is introducing another level of complexity, which is that there will be a requirement to be within the cluster of the 10 clusters to get enrolments. It is a matter of some concern that if it were driven in a very tight way it would be very intrusive on the activities of the university.

**CHAIR**—The fact is that this is a piece of legislation, Professor. If it is passed, it will stay on the books until it is repealed. No matter what relationship you have with the minister at the moment, would you acknowledge that another minister could implement the law, as it says, by the letter of the law? Is that not a real scenario that should be considered when passing legislation?

**Prof. Robson**—Yes, it is a scenario that should be considered, but if you are going to fund according to the cost of the cluster, you have to have some mechanism of not allowing the shift into the very expensive clusters.

**CHAIR**—I put it to you this way: is it not the case that under this model there is a presumption that the markets will drive the system and, therefore, we have to acknowledge the prospect of market failure?

**Prof. Robson**—Yes.

**CHAIR**—As a consequence of that, is it not the thinking behind this that the government needs to have a heavy regulatory hand if it so chooses?

**Prof. Robson**—The universities are going to offer courses that students wish to do. Students will wish to do courses for which there is employment at the end or which offer them another benefit. Not so long ago, we had a desire to train more people in computer science. Then we had the collapse of the dotcoms and demand for jobs in computer science fell. Demand for places in computer science courses fell, so the increased number of places that the government put in place to train more people in computer science did not operate in the best interests of the student body.

That is my point about labour market planning. In my experience, governments are not good at identifying where the skills shortages are or where the skills shortages might be in four years time, which is about the average length of time it takes for a person to complete a degree. Let students choose the areas in which they wish to study. Let there be some certainty for government about what the cost is going to be in terms of what the mix is. But it must be sympathetic negotiation; it cannot be heavy-handed negotiation.

**CHAIR**—That is not what this legislation provides for. Would you agree?

**Prof. Robson**—If it was taken to its ultimate, the legislation has the capacity to be heavy-handed.

**CHAIR**—The big winners out of this package are the University of Melbourne and the University of Sydney. In public statements the vice-chancellors of those universities have both indicated very deep reservations about this package. Professor Gilbert has been quoted in a number of press reports, and one that I have says:

> I have a fairly strong feeling that there will be universities that will say that the impact on the quality of education we can offer, if we are forced to comply with these regulations, is not worth the money.

Professor Brown says:

> There are a number of obvious deficiencies in the package ... there is the ill-conceived commitment to Voluntary Student Unionism ... an overly tight straitjacket for the distribution and re-distribution of government subsidised university places ... an excessive degree of control inherent in the discipline mix, with the potential for gross intrusion upon university autonomy, academic freedom and student choice ... a totally illogical link between increased funding and ideological components of industrial relations ... the lack of an effective mechanism for indexation ...

He goes on to say:

> The proposals in this package are not sustainable in the medium to long term ...

What do you say to those propositions?

**Prof. Robson**—I think that in my opening remarks I dealt with almost every one of those issues. We are totally opposed to tying funding increases to the introduction of Australian workplace agreements or to being dictated to about how to organise industrial relations within

the university. Despite what people might think, universities are very good at human resource management, and they have negotiated significant industrial reform which has been in the best interests of both the staff and the university. That is one thing. I also mentioned indexation. One of the difficulties is that our grant has not been adequately indexed. That is one of the issues that Professor Brown picked up.

Again, I have mentioned voluntary or compulsory student unionism and that area. We believe that the student guild provides significant benefits to students, and we are very pleased with the arrangements that exist within this state in terms of supporting the guild. The guild provides services that, if the guild was not there, the university would have to provide and it provides it in a way that complements the provision of services by the university. We strongly say that we would not want those things. Similarly, we think we have reformed our governing body. We have a governing body that does not meet the requirements of the national governance protocols in its current settings because it has 21 members, but we think it is a very effective governing body. There are many aspects, as I indicated in my opening remarks, that I would like to see changed in the package as it moves forward.

**CHAIR**—Do you agree with Professor Brown that the package is not sustainable?

**Prof. Robson**—What I know is that the status quo is not sustainable. The status quo is that universities will not be able to continue to function unless there is a substantial injection of more funds into the university sector.

**CHAIR**—We would all agree with that. The government today has announced a $7.5 billion surplus. Surely that in itself is a pretty strong argument for why there should be more money spent in higher education without necessarily imposing this spoonful of arsenic that goes with the small amounts of moneys that you will receive in the next three years.

**Prof. Robson**—The position of the AVCC has been that the spending on higher education should be two per cent of GDP. Of course that would require a significantly greater input of funding into this package than is in either of the two proposals that have been put forward. There are some considerable downsides to these arrangements in terms of the tying of the increased funding to changes that are not really necessary within the university sector and in fact would be deleterious within the university sector.

**CHAIR**—Professor Chubb at the ANU—another Group of Eight university and one of our leading universities—says that he thinks that the requirements the government is attempting to impose:

> ... intrude deeply into how we manage our affairs and go beyond what we thought had been discussed with the Minister ...

Do you agree with that?

**Prof. Robson**—I think they do deeply intrude into the way in which the universities operate. My view is that they address issues that are not significant impediments to the functioning of universities. In fact, I would argue that our industrial relations and human resource management

are competitive with best practice in either the public sector or the private sector. Hence why would you want to impose AWAs on universities?

**CHAIR**—The vice-chancellor at the ANU says that these arrangements go beyond what was discussed with the minister. Do you agree with that?

**Prof. Robson**—I was not privy to the discussions with the minister, so I cannot comment on that.

**CHAIR**—Fair enough. But you are a member of the AVCC. The vice-chancellor at the University of Tasmania has used the term 'misled'. He said the Vice-Chancellors Committee has been misled. Would you use that sort of language?

**Prof. Robson**—No, I would not wish to enter into that. I am not a member of the AVCC. I am the deputy vice-chancellor of the university, so I was not present for the discussions at the AVCC and I would not like to get into that language.

**CHAIR**—Fair enough. Thank you very much.

**Senator JOHNSTON**—Am I right to take from your submission that this is a question of tuning and balance with respect to this reform?

**Prof. Robson**—Yes; there are many features of the package that we think are valuable for the university sector. We certainly think the introduction of the Commonwealth Grants Scheme, the programs on the teaching and learning moneys—which have not got very much coverage—and variable HECS are valuable, as are many aspects of the package. Increasing the threshold at least to $30,000 is a good thing, although we would like to see it increase further to average weekly earnings. What we do not like is the tying of these increases to ideological positions or anecdotal views about the effectiveness of governing bodies.

**Senator JOHNSTON**—You say in your submission—and we can dwell for a moment on the Commonwealth Grants Scheme as proposed—that the Commonwealth Grants Scheme increases transparency by properly delineating between Commonwealth and student contributions. What opaqueness currently exists that is sought to be addressed there?

**Prof. Robson**—Currently we get a level of grant from the Commonwealth. That includes a HECS component and an operating grant component. The operating grant component is related to a sum of money that was set back in 1989 plus funding for additional growth associated with new places.

**Senator JOHNSTON**—So you say that the direct application of those funds is much more visible now?

**Prof. Robson**—Yes, because the HECS that the student pays and the funding that is going to come from the Commonwealth is clearly delineated within the clusters.

**Senator JOHNSTON**—You talk about the overfunding and underfunding of the current regime. What is a practical example of what that amounts to?

**Prof. Robson**—The University of Western Australia is underfunded to the order of 10 per cent because our growth in the nineties was in the more expensive faculties. We grew in engineering, but we got funded for growth in engineering at the average rate, which is $10,000. If you take our discipline mix and work out what we have got and you apply the cluster funding, we estimate that we get about an additional $12 million. That is because of the way in which we had a relative funding model in 1989, then we have been funded at $10,000 per place since 1989. If your growth is in, say, law, the humanities or education, you will tend to be overfunded. If your growth has been in engineering or science, you will tend to be underfunded.

**Senator JOHNSTON**—So this CGS system is now going to more readily assist a university such as yours in the more direct application of funds for the growing units?

**Prof. Robson**—Yes, that is true. We believe this is a good scheme. We should be funded for what we teach, not on an average basis.

**Senator JOHNSTON**—Do you have a board at UWA?

**Prof. Robson**—The senate is the governing body.

**Senator JOHNSTON**—How many members does the UWA senate have?

**Prof. Robson**—It has 21 members.

**Senator JOHNSTON**—How do you go about choosing those members?

**Prof. Robson**—There are some ex officio members. The vice-chancellor, the president of the Student Guild, the chair of the Academic Board and the president of the Postgraduate Students Association are ex officio members. There are four members appointed by government. I would not get the numbers completely right, but there are members coopted, members elected by staff and members elected by students.

**Senator JOHNSTON**—Excuse me if I am asking the obvious, but do 21 people sit around in the university senate and discuss governance issues for the university?

**Prof. Robson**—Yes, they do, but we have a committee system. We have a Strategic Resources Committee, an Audit and Review Committee and an External Environment Committee, and those are much smaller groups. These committees discuss issues and then those issues come up to the governing body. There is an idea that a smaller governing body might be more efficient. It may be, but I am yet to see evidence of that. The University of Queensland, which is a very efficient university that is doing particularly well, has a board of 35.

**CHAIR**—And Harvard and all of the other ones have 60 or 70.

**Senator JOHNSTON**—Is UWA in the same class as Harvard University, do you think?

**Prof. Robson**—No, I would not claim that. If we were funded as well as Harvard is, we would be—that is what I would say. An interesting thing that I would share with you is that Stanford University is the same size as the University of Western Australia—it has a slightly

different student mix, but, in American dollars, its budget is five times that of the UWA in Australian dollars. If you look at the National University of Singapore, again, it is the same size as UWA, but its budget is almost three times the size of ours. So the challenge for Australian universities is to be internationally competitive and world class with low levels of a funding.

**Senator JOHNSTON**—Are you aware of the fee structure for the students at, say, Stanford University?

**Prof. Robson**—Yes, I am. The interesting thing about Stanford University is that it gets almost as much from the federal government as the University of Western Australia gets from the federal government as a proportional share. So, in fact, Stanford, as a private university, is getting as much money from the federal government as the University of Western Australia, a public university, is getting from the federal government.

**Senator JOHNSTON**—What is the average tuition fee for a student at Stanford?

**Prof. Robson**—They have a needs blind system. The fee you pay at Stanford depends on your means. If you are a very wealthy person, you pay a very high fee. They select their students and then they tell the students what they are going to pay. The fees that people actually pay vary enormously depending on their endowment, scholarship support and those issues. Of course they pay a substantial fee.

**Senator JOHNSTON**—But you would not advocate that for UWA?

**Prof. Robson**—No.

**Senator JOHNSTON**—What sort of remuneration do these senate members actually get?

**Prof. Robson**—None.

**Senator JOHNSTON**—So it is all voluntary?

**Prof. Robson**—It is voluntary. On our senate we have people who are incredibly committed and who give up very large amounts of time. Lyndon Rowe from the Chamber of Commerce here, Tony Howarth, chair of the board of AlintaGas, David Griffiths from Macquarie Bank and Erica Smyth from Woodside are all people who give up their time for absolutely no payment. We have excellent coopted members, including June Jones, who was the principal of St Hilda's. These are excellent people who come along and work for free.

**Senator JOHNSTON**—How often does the senate meet?

**Prof. Robson**—It meets once a month, but the committees meet on a more regular basis.

**Senator JOHNSTON**—So these 21 people meet once a month and, in addition to the meeting once a month as a group, they then proceed to hold the committee functions that go with the nomenclature of the senate.

**Prof. Robson**—That is right.

**Senator JOHNSTON**—How is it that we have such a low participation rate in higher education in Western Australia?

**Prof. Robson**—We just have not had enough Commonwealth places. The growth of places in Western Australia has not kept pace with the growth in the population.

**Senator JOHNSTON**—Are these reforms going to address any of that?

**Prof. Robson**—Yes, they are. These reforms are going to address that, because there are additional places. If the distribution of those places is fair and Western Australia gets a disproportionate number of those new places, that will go quite some way—

**CHAIR**—How many new places are there, Professor Robson?

**Prof. Robson**—Altogether there are 25,000.

**CHAIR**—And they have replaced the current marginally funded places. How many net new places are there?

**Prof. Robson**—There are no net new places.

**CHAIR**—And when do they come in?

**Prof. Robson**—Let me deal with that. I do not want to let that go. A university may choose to enrol a student for $2,700 as an overload, as opposed to having a student at $10,000. We as a university have deliberately not overenrolled, because we do not want to decrease the quality of what we offer by decreasing the amount of resources available per student.

**CHAIR**—So the new places will come from fee-paying places?

**Prof. Robson**—No. All of the universities in Western Australia tend not to have high levels of overenrolment.

**CHAIR**—What new Commonwealth places will be provided for Western Australia in this package, and in what year will they be provided?

**Prof. Robson**—I would hope that the overenrolled places, which exist to a very high extent in New South Wales and in some of the other eastern Australian states, are going to disappear and that the new places will be redistributed to the states where there are low participation rates and very high cut-off scores.

**CHAIR**—What evidence do you have for that?

**Prof. Robson**—That is what we believe the process is.

**CHAIR**—Have you been told that?

**Prof. Robson**—Yes. MCEETYA met here and had a discussion regarding the distribution of places. I think they are meeting again—

**CHAIR**—I am sorry; I should not interrupt, but I will have to come back to that because that is a very important piece of information you have received.

**Senator JOHNSTON**—I think he has answered your question. Let us talk about the guild. I am very interested in hearing your answer. What services would you anticipate the university having to provide if there were to be financial security issues with the guild?

**Prof. Robson**—The guild and our sporting association, which benefit from the amenities fee that is collected, provide sporting facilities, social facilities, educational officers who deal with queries from students, and catering.

**Senator JOHNSTON**—Do you see that—the sport, the food, the counselling service—as part of the collegial structure that the university is obliged to provide?

**Prof. Robson**—I say to students, 'If you leave university with just a degree, you've missed out.' University is more than getting a degree. It is part of a total social experience, and that is why I think the guild is a valuable thing for the university to see supported by an amenities fee, which is paid by students, split between the sports association and the guild, and accounted for back through the governing body of the university.

**Senator JOHNSTON**—Are you aware of the membership figures, given the VSU legislation of the previous state government and the current legislation? What transpired with respect to the fluctuation of membership of the guild?

**Prof. Robson**—I am aware that when it was voluntary student membership it was about 30 per cent, but interestingly, when the elections in the guild were run and there was a clear division and students could make a clear choice between supporting students who did not support fees and supporting students who did support fees, overwhelmingly the students voted for the students who supported the amenities fee. So while apathy reigned supreme, when it got to having a vote on it in a proper, democratic way, students voted for the group of people who supported an amenities fee.

**Senator JOHNSTON**—Do you know what percentage of students voted?

**Prof. Robson**—No, I cannot tell you.

**Senator JOHNSTON**—With respect to the decline of 30 per cent, in your experience what does that tell you about the 70 per cent of the student body who looked at the services offered by the guild?

**Prof. Robson**—No, the guild kept on providing the services to everybody, irrespective of whether or not they were a member of the guild, and the university entered into some arrangements with the guild to support the guild in the provision of those services. So what you have is the students still benefiting.

**Senator JOHNSTON**—Notwithstanding the benefit, 70 per cent determined not to pay the fee.

**Prof. Robson**—Absolutely. People would choose not to pay the fee, which I think is of the order of $100 a year, which is not an enormous sum of money for a student, for the benefits that are provided.

**Senator JOHNSTON**—So not withstanding the low fee, and the service being maintained with the assistance of the university—

**Prof. Robson**—You have an election every year. If students want to vote and to lower the amenities fee, they are free to do it. There is no compulsory membership. You can opt out; you do not have to belong to the guild. You just have to pay the amenities fee. The state act of course specifies the purposes for which the amenities fee can be used. The university, through the senate, has the responsibility of ensuring that that is adhered to.

**Senator JOHNSTON**—Thank you. I have no further questions.

**Senator NETTLE**—I want to start by asking you about the industrial relations component of the legislation. May I presume from comments that you made before specifically around AWAs that you offered AWAs?

**Prof. Robson**—No. We do not offer AWAs. We see very little benefit in AWAs. We do have common law contracts, however, for our senior staff. A sizeable number of our staff are covered by common law contracts, which we think are a lot more efficient than an AWA.

**Senator NETTLE**—You have never been asked for an AWA by a staff member?

**Prof. Robson**—No.

**Senator NETTLE**—I want to ask you where your current EBA negotiations are up to. The context in which I am asking that is that we have seen at the University of University that staff have voted to strike—and of course there are decisions being made today about the context of a national strike. I am wondering whether you can tell you me where you are up to in your EBA negotiations and what the impact of these regulations has been.

**Prof. Robson**—As deputy vice-chancellor, I meet with the unions once a fortnight. We have an ongoing activity, irrespective of whether we are talking about EB. This is a useful exchange of views about what is going on in the place. We have decided that we will not move on enterprise bargaining until we know what the rules are. How can you enter into an enterprise bargaining agreement until the legislation has been sorted out? We will look at what the legislation is, we will then have a discussion and consider our position and decide what our position is and then we will start enterprise bargaining. We are indicating that we will make an administrative pay increase to our staff while we work out exactly what the lie of the land is going to be in terms of the industrial conditions imposed upon us. Then we will make a decision as to whether it is worth taking the money or not.

**Senator NETTLE**—Where are you up to in your negotiations?

**Prof. Robson**—We are working through the technical aspects of the enterprise agreement to make some amendments to our agreement but we are not going to talk about the key issues—the issues of salary offer or other industrial reforms that we might have to consider. It depends on the legislation.

**Senator NETTLE**—In the regulations that were announced in the minister's press release last week there was a proposal that these arrangements come into play from 22 September.

**Prof. Robson**—That is for all certified agreements that had been set by that date.

**Senator NETTLE**—That is right. You indicated that you do not see any value in proceeding with your negotiations until you have seen the legislation.

**Prof. Robson**—No; we need to know what the legislation actually ends up being.

**Senator NETTLE**—So, in your understanding, what is there in the minister's regulations that does not apply until we have the legislation in place.

**Prof. Robson**—There is the requirement that you offer Australian workplace agreements.

**Senator NETTLE**—But they do not apply until we have seen the legislation.

**Prof. Robson**—No; we will not engage in enterprise bargaining on those matters until we know what is in the legislation. We will then look at the costs to us of not doing particular things. We will then look at the benefits or otherwise of doing them and then make a decision as to what we are going to do.

**Senator NETTLE**—I will leave those questions there for now. I want to go to your comments before in terms of the overall package—the funding available and the direction we go in terms of Commonwealth funding. You said before that the status quo is not sustainable. I do not know how long you have been at UWA, but could you let us know what the financial position of UWA is now as opposed to what it was just subsequent to the 1996 Commonwealth government funding cuts?

**Prof. Robson**—I have been deputy vice-chancellor since 1993 and in that position I have been responsible for the budget. Since 1996—and it might have been even earlier than 1996—there have been reductions in levels of funding for universities which have led to very substantial increases in student-staff ratios. The way we have coped with the reductions in budget is by increasing our student numbers but not increasing our staff numbers to anywhere near the same extent. That can only go on to a certain point. I think at our university our student-staff ratio increased from 13½ to over 15 in that period. That is what the consequences are in terms of the reduction in funding for universities.

**Senator NETTLE**—This question relates to federal funding that goes into the university sector. In terms of you saying that the status quo situation is not sustainable in the long term—and this is something you have already discussed with us—this package does not open the doors to ongoing, long-term, consistent federal funding, so how could this package be more sustainable than the current unsustainable status quo?

**Prof. Robson**—This package, through the introduction of the Commonwealth Grants Scheme and the 2½ per cent increase for each of the first three years, would address to some extent the question of the lack of indexation. There is increased funding for teaching and learning that institutions will be able to compete for and there are some other parts of the package that would provide additional resources to universities. So you would get rid of the underfunding in the system. You would also give universities the capacity to position themselves by what they charge for HECS.

**Senator NETTLE**—So the most significant funding you are identifying is under the CGS in terms of an increase in student funding to the university?

**Prof. Robson**—Yes, that is right.

**Senator NETTLE**—You made some comments before in terms of the mix of private and public contributions to universities. Can you give us a little bit more of an idea of what you think—given that the main funding you have identified in this package is private funding coming from students—are the long-term consequences for UWA of that funding model?

**Prof. Robson**—Just to give you the example from our submission, in 1996 the one per cent of GDP expenditure comprised 0.9 per cent from the Commonwealth and 0.7 per cent from students. In 2007, it will be 0.9 per cent from students and 0.7 per cent from the Commonwealth. You are turning the thing around so students are making a larger contribution.

At the University of Western Australia, students, either through HECS or through international student fees, contribute about a quarter of the total budget of the university. That is masters by coursework people and HECS plus international students. That is a significant component of the budget of the university.

**Senator NETTLE**—We talked about the impact on students through the deregulation of fees and, at the beginning of the public hearing, you talked about the increased regulation for universities: universities get increased regulation and students get the impact of the deregulation of fees. You said that you did not believe it was responsible to kick away this package but it is bringing new regulation and, for students, deregulation of fees. I want to put to you this idea and get your comment: the only reason you are sticking to believing that this package is appropriate is because you have been so strapped for cash from the federal government over the last couple of decades in particular.

**Prof. Robson**—You are going further than I would. What I would say is that both this package and the package announced by the ALP contain significant increased money for the university sector. What you have to weigh up—always—is what the downside of the increased funding is. The downside of the increased funding, to me, is tying it to workplace agreements, student unionism and the governance issues when I do not believe that there has been any evidence brought forward that these are impediments to the functioning of universities. If people can demonstrate there is a problem there then you can argue that you need to do something about that problem. But I do not believe that I have read anything that tells me that there is a problem in those areas.

We would have liked more funding, obviously. We would have liked it if instead of it being 1.6 per cent in 2007 it was two per cent. But we have to live within what is being proposed and argue about what is being proposed, rather than something else.

**Senator NETTLE**—The Greens would agree with you in terms of an increased investment in higher education, but we would talk about a lot more than both those packages. In the political context of having to negotiate with the government on the package that is there, do you feel like the vice-chancellors signed on to the package—one with the many negatives that you outlined—too early, rather than holding off and trying to knock out those negatives?

**Prof. Robson**—No. I think that vice-chancellors and the public are aware of what the political situation is. There is an upper house and a lower house and the package has to get through the Senate. We hope the government will keep the good parts of the package and they will accede to sensible views about the less good parts of the package. That may be played out in the Senate or it may be played out by public opinion associated with this inquiry and with other inquiries where these issues are brought to the attention of a wider public.

**Senator NETTLE**—So what parts of this package would you like to see the Senate block?

**Prof. Robson**—Certainly the tying of the increased funding to AWAs. I would like them to not support the abolition of the amenities fees arrangements for students. I would like them not to be prescriptive in terms of national governance protocols. By all means, there could be a national governance protocol but let us not have it as prescriptive as is proposed. I would like them to address the interest rate on the fee paying Australian students and I would like them to address the question of indexation. And the threshold: I restate that I think that the threshold should be set at average weekly earnings.

**Senator NETTLE**—I might leave the questioning there. They are a lot of things that you are asking the Senate to block.

**CHAIR**—But apart from that it is a pretty good package! You indicated to the committee before that you believed that there was a prospect that Western Australia would have secured additional growth places.

**Prof. Robson**—Yes.

**CHAIR**—I cannot find moneys for demographic growth anywhere in this package. There are none—that is my reading of it, but perhaps you could draw my attention to where I am wrong.

**Prof. Robson**—My understanding is that there are new places; there are 25,000 new places that will be introduced sequentially up until 2008—

**CHAIR**—But they will not come in until 2007.

**Prof. Robson**—No, there are new places that are coming, but we are talking about what the split of those places should be. Your argument is that there are 33,000 overenrolments and those 33,000 overenrolments are going to be replaced by 25,000 fee places.

**CHAIR**—That is right.

**Prof. Robson**—So there is no question that there will be 8,000 fewer places.

**CHAIR**—Yes, we are on common ground there. I am saying there are less places, but that is not my point. I am interested in the fact that you made some statements that you thought that there would be a shift in load from the east to the west.

**Prof. Robson**—My understanding is this: you phase out the overenrolments and you then put the fully loaded places in particular places. You do not put the fully funded places back into the states where the overenrolment has occurred; you have some more rational basis for allocation of the places. We have suggested that the most rational basis for allocation of the places is the—

**CHAIR**—I accept that. I have read the MCEETYA papers, and I cannot find a reference in them to a Commonwealth commitment to any particular formula for the distribution of places. If you are saying to me—

**Prof. Robson**—No, they are not committed. We have been asked as institutions to come forward with proposals. They are going to consider those proposals and then they are going to come up with some ideas about how these places should be distributed. Your state is very keen that it should be based on participation at year 12.

**CHAIR**—Yes, there is no question that there is strong argument about these issues. According to the statistics the Commonwealth has provided us with, NSW has some 16,500 overenrolled places between the years 2003 and 2005; Victoria has 7,500 or thereabouts; and Western Australia has 2,500. Your argument is that there will be a shift. I am wondering on what basis you conclude that other than by supposition

**Prof. Robson**—I am just hoping that logic prevails.

**CHAIR**—I see.

**Prof. Robson**—If you can go to university in Victoria with a TER of 50 and you cannot get into a university in Western Australia with a TER of lower than 64 you would have to say that it would be rational that some of the overenrolled places in Victoria should be converted to fully funded places in Western Australia.

**CHAIR**—I will put another proposition to you: on the basis of this package, because there is no growth in the system based on demographic factors, universities in this state will be forced to offer full fee playing places and there will be a higher proportion of full fee paying places in this state than in other states.

**Prof. Robson**—No, I do not agree with that. The University of Western Australia probably has the highest cut-off scores of any university in Australia, but we have not offered full fee paying undergraduate places to students—

**CHAIR**—And you do not intend to?

**Prof. Robson**—We do not intend to, not under the current arrangements. We like the idea of an income contingent fee—that is going a long way; we think that if it was a lower interest rate it would be a lot better. Then, of course, the university would have to support these places through good equity and merit scholarships, which would underpin this whole system.

**CHAIR**—Thank you very much for appearing before us today, Professor.

[10.00 a.m.]

**BRADLEY, Mr Malcolm, President, Murdoch University Guild of Students, National Union of Students WA**

**GISBORNE, Ms Anne, Deputy Secretary, Australian Education Union, WA Branch**

**MASCARENHAS, Ms Zaneta, President, National Union of Students WA**

**STRANG, Miss Beth, Education Vice President, Murdoch University, National Union of Students WA**

**TORRE, Mr Giovanni, (Private capacity)**

**CHAIR**—I welcome representatives of the National Union of Students, Western Australia. The committee has before it submission No. 353. Are there any changes you would like to make to the submission?

**Mr Torre**—Would it be possible to send a copy with amendments?

**CHAIR**—We would be delighted to receive a supplementary submission. Obviously the normal procedures apply here. The committee prefers that all evidence be given in public. However, if you wish to give in camera evidence, we would be happy to consider that matter. However, I point out that such evidence may subsequently be made public by order of the Senate. Are you going to make one opening statement or are there a number of statements? Perhaps you could make a brief opening statement before answering questions.

**Mr Torre**—The opening statement is an overview of our concerns and it brings attention to certain things. We do not take a fundamentalist approach to the review. There are negative aspects in it that we are deeply concerned about. One thing the minister is correct about is that there is a need for increased funding. That is something his predecessor, Dr Kemp, stated in October 1999. There was a leaked cabinet document which described a crisis of funding in the higher education system. We believe that that is the case and that there is a need for increased funding to higher education.

Areas that we have concern with include the impact of the review on merit selection. We think that there are equity issues in that students from low socioeconomic backgrounds are going to be deterred from entering into higher education. There seems to be an increasing focus on selection on the basis of ability to pay. We are a little concerned about gender equity as well and the impact that increased debts will have on people—women in particular—in terms of lifestyle choices: having children, their ability to work full time, their capacity to earn, and the increasing length of time over which they are going to be paying off their debt.

We also have concerns about the general social impact of the review. There is this increasing focus—which particularly started with the introduction of differential HECS in 1997—on the capacity to earn and on the financial aspects that higher education will bring you, which will

have an impact socially on pro bono work that lawyers can to. Doctors can do this as well. The bigger the focus on the capacity to earn, the less encouraged people will be to do that sort of work.

We are concerned about income support. We think that the introduction of scholarships is a good thing but we do not think it goes far enough. Students who are scoring quite high but not high enough to access scholarships are going to be deterred from entering into higher education, whereas students who have the capacity to pay but who have demonstrated a lesser degree of academic merit will be able to access higher education. We do not think that is particularly fair; we do not think it is particularly equitable.

We talk about global competitiveness and being competitive on the world scale but when you have international comparisons with levels of student income support and levels of government funding we do not compare particularly well with most developed countries.

We have concerns about universities continuing to rely on corporate sponsorship and the impact that can have on academic freedom. There have been quite a few surveys in which academics nationwide are indicating they feel academic freedom is deteriorating. We think that this acts to the detriment of the ideal of universities being places of unlimited intellectual development. We think that has a big social and economic impact as well.

In terms of industrial relations, we are deeply concerned about the $404 million or $405 million which is contingent on workplace reform. Sure, there is an interest in flexibility. That could be achieved through common-law contracts. We are deeply concerned about AWAs. We do not think they have a place in higher education. Basically we feel that perhaps the funding priorities of government need to be looked at and there needs to be more funding of higher education, but it should not be contingent on ideological industrial agendas or anything like that. That is an overview.

**CHAIR**—Thank you very much. I take it you have had a look at the legislation. Given that we have moved over to a provider-purchaser model for the distribution of Commonwealth moneys—and perhaps you can correct me, but I cannot see any reference to the social responsibilities of universities in this bill—I am just wondering what you think the long-term prospects would be if this package were actually accepted by the Senate. What do you think universities would look like in 10 years time if this model were accepted?

**Mr Bradley**—Essentially it seems that we are creating a multitiered system where people can pay their way into university, not necessarily based on merit. Within the university courses and the universities themselves we are potentially creating a tiered system as well—be it the sandstone universities versus the other universities or, for example, regional universities. If the legislation is passed, I think we are going to create a more elite system. That is the short and sweet answer.

**CHAIR**—If you are looking at a big change like this, it is reasonable to expect some long-term impact statements to be produced. I do not know if you are aware of any; I am certainly not. Perhaps you can correct me if I am mistaken here. What sorts of impact statements have you seen in regard to, say, institutional, regional or sectoral impacts? Have you seen any of those?

**Mr Torre**—I saw the results of a survey which showed that the evidence of what we refer to as the 'brain drain' is not particularly pronounced at the moment, but that we have seen quite a few graduates over the last six or seven years leaving the country on account of student debt. The impact of that is more of a long-term thing. It does not look particularly pronounced now, but I think the situation will deteriorate.

**Ms Gisborne**—I would add to that, as a teacher, that the teacher shortage is certainly one of the areas where we have major concerns. There is an issue in relation to shorter-term and longer-term teacher shortages, both nationally and internationally. We have some evidence, anecdotal at this stage, of teachers actually being poached, for want of a better word, internationally. For example, a friend of mine has just gone to China—with the salary, tax breaks et cetera—which means that the competition is there internationally. If you are talking about some sort of commitment to social responsibility and you look at the matters of education and health and the fact that degrees are necessary there, I do not see anything in that package that pertains to dealing with what are evident current problems in terms of shortages in the health sector and certainly upcoming shortages in the teaching, education sector.

**CHAIR**—There seems to be implicit in this package a separation of teaching and research—the funding mechanisms are now different. We have yet to see the guidelines for these new teaching arrangements and new nursing places and the rest of it. Do you think there is a possibility we will see teacher-only institutions now emerging?

**Mr Torre**—That would certainly be consistent with another implication that Mal mentioned earlier: the creation of a two-class higher education system. You have got the capacity to increase HECS by 30 per cent. Some universities do not have the reputation to do that or they do not have the resources to attract students if they charge more, so you will have a system where the gap between the resource bases, the funding bases, of universities is going to increase. As that happens, you are probably going to see the more financially disadvantaged universities focus increasingly on teaching.

**CHAIR**—I know my colleagues will ask you specifically about student issues, but you refer in your submission to the New Zealand experience. How do you read that? Do you think this is a sign of us moving towards a more New Zealand model of higher education? What would be the consequences of that for us?

**Mr Torre**—With the New Zealand experience, you have a situation where student debt is second only to the New Zealand national debt. A lot of university graduates have left the country, which seems to defeat the purpose of having a higher education system if you are going to encourage your best and brightest to leave. It is certainly not the direction this country should be looking at going in.

**Miss Strang**—When I left school originally, it was when differential HECS first came in. It was a financial decision not to go to university until later. I went into the work force and decided to come back. It was even more, so I was kicking myself that I did not go the first time. But you are finding now that there is a group that comes straight from high school and there is a group that comes to university 10 years later. The whole debt issue is a big thing. People want to go out and earn their money and then actually pay up front so that they do not have a HECS debt.

In New Zealand, first home ownership is delayed and people delay having their first child. If we look back to 1987 when that was first phased in, a report came out earlier this year that was saying that first home ownership in Australia is being delayed and people are having smaller families and having them later. That was just over the small impact that happened back then. When this comes through, we are going to see those figures go through the roof again. If that had come through, I would not be back at university. I would have had to stay in the job that I did not enjoy, purely because I could not afford to come back to university. You are going to find a lot of more that happening in the next five to 10 years when this reform package comes through. All the concerns that the government has that the birthrate is coming down and that people are getting older before they can buy their first home are only going to increase because this package is worse than the packages that came out when I first wanted to come to uni.

**Ms Mascarenhas**—We see this package as not being about 'lifelong' learning. That is one of the buzz words that the minister likes to refer to but, in terms of education being a benefit for the public and also being over one's lifetime, that is not what we see this system being. We basically see it as: you might get the ticket; if you get the ticket, use it; if you do not use it, don't come back—because you guys will get an extremely high debt.

**Ms Gisborne**—We talk about people in an average life in the future looking at anything between five and eight changes of jobs. The expected standards, in terms of education, that are attached to jobs these days have increased. One would assume that they would be looking at increasing. One looks not just at an additional debt potentially but at one that is furthered beyond that. In the teaching profession itself, there is certainly pressure under the movement for teacher registration for teachers to be involved in ongoing professional development, some of it informal and certainly, some of it—and here is the pressure—formal. If you are interested in career progress then the need for going on to further education in a tertiary structure is certainly there in terms of masters, PhDs et cetera. That sense of debt—the accumulation of debt and never-ending debt—whilst paying back society through the particular jobs that you have is almost overbearing. It is very short-sighted as well.

**Senator JOHNSTON**—Is there anything about this package that any of you do like?

**Mr Bradley**—There is no doubt that the university system needs more money. What we have here is a manufactured crisis. When the Liberal government came in, they removed X billion dollars from the system and—surprise, surprise!—it is having an effect. What we have here is an ideological bandaid with strings attached. It does not take too many brains to work out that, if you take a few billion dollars out of the system, there are going to be effects.

**Mr Torre**—There does need to be increased funding and support for regional universities as well. An increasing focus on regional universities is mentioned in the review, which is a good thing, but the positives are fairly outweighed.

**CHAIR**—Western Australia does not get very much of that money, does it?

**Senator JOHNSTON**—You were saying that there was something that you saw as a positive.

**Mr Torre**—I recollect a mention that we need increasing support for regional universities, which is true.

**Senator JOHNSTON**—And you think this package goes some way to doing something on that front.

**Mr Torre**—It is not that it pays lip-service—that is too harsh an expression, I think—but it is nowhere near enough. In the context of the entire package, it is kind of like rearranging deckchairs on the *Titanic*.

**Senator JOHNSTON**—I find your progressive taxation reform option, option B, interesting. Have you got any detailed costing of that?

**Ms Mascarenhas**—No.

**Mr Bradley**—I can suggest how to fund it. There is apparently a budget surplus in the pipeline to the tune of $6 billion. You could throw a bit of that money at it quite easily. There are many options other than the one before us that could work.

**Senator JOHNSTON**—I do not have any real issue with that superficial view as of today's press release but the government has responsibility for how much money is spent. If this model were to be entertained, what would it cost?

**Mr Bradley**—As we said, we do not have that costed. My understanding is that it would cost only a few billion dollars to have a free education system. I am sure there are many ways to look at this. As well as that $6 billion, I am sure we can find quite a few more billion from other places as well, be that through tax loopholes, trusts or whatever.

**Senator NETTLE**—This package is another example of the federal government taking money from the university sector. As you said before, what is in here does not make up for what has gone since 1996. I want to ask about the pressure that that leaves for universities to look elsewhere, particularly to the private sector, for investment in higher education. Can you give me any examples from your universities in Western Australia of the impact of their having to turn to the private sector to find that investment in higher education?

**Ms Mascarenhas**—I am a chemical engineering student. One of the units I do is called BP Petroleum. This is a final year unit, and the chemical engineering graduates from this class are very competitive. Alcoa and BP teach this unit, and so it is an opportunity for the industrial leaders in WA to have a look at what they see as being the best chemical engineering graduates. Then they try to poach the best chemical engineering students to work for their sectors. For example, the person who has consistently been on the vice-chancellor's list year after year but believes in providing good services to the community was almost poached by BP but in the end made the moral decision that they wanted to work for an environmental solutions company. But BP was very close to getting some of the most intelligent people because they had that interface—just like that. That is one example, and I am sure other people have examples.

**Mr Bradley**—At Murdoch they have had to diversify their income sources, quite obviously because they do not have enough money. Examples include an old folks home that has now taken up a large portion of campus. A number of high school providers have taken up land on campus. At this point in time I would argue they are essentially using their land as an asset to fund their way through this crisis. Further to that, on the physical chemistry side of things, there

is a focus on industrial research rather than pure research. They ask: 'Is there a commercial outcome? How can we make money out of that?' Universities in the past used to be more involved in pure research, which then led into industrial applications, but now they are looking for industrial applications straight up.

**Ms Mascarenhas**—On a campus level we see the corporatisation of many capital works on campus. Universities can end up spending their capital money to operate the university, so at Curtin University we have Alcoa Court, Optus Executive Briefing Centre, a BankWest lecture theatre and Abacus Labs; Abacus is a major computer company in WA. We have commercialisation across the board. It is in the faces of students every day, and students have almost come to think that level of corporatisation on a campus is acceptable. And it is not.

**Mr Torre**—Personally, I am a bit more interested in the practical ramifications of corporatisation rather than the philosophical point of view. I am interested in the reality of the situation. The philosophical problem with it is one thing, but on the practical side there are a few examples in our submission, such as the Colgate-Palmolive Chair of General Practice Dentistry at the University of Queensland. I do not have a problem with that company, but let us say, for example, that Colgate-Palmolive were pulling a Pan. If a research student at the University of Queensland discovered that and went public with it, it might endanger their funding. That is an example of what could go wrong. There is also the FAI insurance chair of finances at the Australian Graduate School of Management, the Microsoft chair of computing at Macquarie University, Newcastle University's Clay, Brick and Paver chair in structural clay brickwork and BHP's professor of steelwork at Wollongong University. This is my favourite: Aristocrat, Australia's largest poker machine manufacturer, funds the University of Western Sydney's chair of gambling research. I don't know what John Singleton and Bob Carr would think of that, but that is the reality of the situation.

The research of Dr William De Maria mentioned the Motorola complex at UWA, which is a $50 million software centre. In some of the partnerships, university departments become the firm's de facto research division, and the company can often hold the rights to exploit the results of research for up to 18 months before the university can release them publicly. I do not see what the public benefit in that is. So that is a practical ramification that I am concerned about.

**Senator NETTLE**—In relation to the comments that you have made, I am wondering if you have any examples or anecdotal evidence of the impact of that corporate investment on the quality of the teaching or the research available, and what sorts of implications we are seeing there. I will ask you the second question now, if you want to address that as well. What you have given so far are examples that we are seeing at universities now as a result of a reduction in federal funding to universities. Do you see a capacity for that to be exacerbated or impacted on by this legislation? Do you have any comments on the direction that it is taking in terms of how universities should be funded?

**Miss Strang**—At Murdoch at the moment, as Mal mentioned, we are having to diversify into commercial enterprises. Recently the law students were given the choice of having tutorials or doing extra units to diversify their education base. Of course the students said, 'We want more units so that we can diversify our education base.' That is to the detriment of tutorials. The money that they pay for lectures and tutorials is not going to lectures and tutorials because it is having to be split. Some of the money has to go to commercial enterprises. They are stuck with

this decision about which is the lesser of two evils. So they have decided: 'We're going to go for a diverse education rather than a concentrated tutorial based situation where you can develop your knowledge in depth.' That is just one example.

Another anecdote concerns the commercial enterprises on campus which the university gets rent from. I am talking about food court scenarios. University students fundraise by holding barbecues and selling drinks, because they do not get any money from the university. For example, the University Games are on at the moment and we have teams competing in them. We do not get any money from the university for that and we get limited money from the student guilds, so students have to fundraise. They were told that they were not allowed to fundraise because it interrupted the business of the people who were paying rent. So the students' attitude was: 'You're not going to give us any money and you are not going to let us fundraise. What the hell is going on there?'

Those are two very in-your-face examples of how it is affecting students now. I cannot see that there will be any difference in two or three years time. The same things are going to happen. There are still going to be the same businesses on campus, and universities will still have to divert funds to commercial enterprises because the government is saying, 'You have to be able to provide your own income streams.' So universities say, 'We have to do this because we are not getting any money for it. Where do we take that money from? We are going to have to take it from the education budget.'

I am doing environmental science and I am on the school board for environmental science. We were asked to put in next year's budget. At the moment we have a part-time teaching budget which caters for tutors and off-campus work such as going on field trips. We had a budget of $110,000; we were told to cut that budget, so we cut it to $90,000. We got a budget of $20,000 to do what originally took us $110,000. That is just one school; there are 20 or 30 schools in the university and that, across the board, is a hell of a lot of teaching hours cut. Why? Because they do not have the income coming in, they have to diversify funds so in 20 years time, when these things finally pay themselves off, we can get some money. But what happens in the meantime? The students have to suffer because there is no money there.

**Ms Gisborne**—That raises another point, which is that issue of being diverted. You are at university to study, one presumes, and one hopes that you could put at least 99 per cent of your efforts and energies into developing some sense of what your degree is and what standards et cetera are under attack. I have noticed that in particular with education students who are coming out to do their practicum in schools that, as they are doing their practicum, they are also working their part-time job at the same time. I have been teaching for about 20 years and I am very heavily engaged in supporting practicum work in schools. They are a very important part of mentoring et cetera, but the manner in which students today can actually put 100 per cent effort into their practicum is not there. They have not got the capacity because they have got other diversions and they are diversions that they cannot put to the side. When I went through, if you had work you could actually put it on hold if you needed to. The pressure out there from part-time employment is that casual and part-time employers do not take into account students' needs around exam time or around other commitments to do with their studies. The pressures that are on them are just enormous.

**Ms Mascarenhas**—With this system basically students will need more support. The question is: where do they get support from? Country students and people that look at engineering or science based courses will end up applying for scholarships and being bought out by particular companies. Let us say I am a Kalgoorlie girl and I decide I want to study mining engineering. Basically I will say, 'Okay, I need support to do this and I will sell my soul to Alcoa.' You will have some of your talented people being bought out. Another example is chemistry at Curtin. It is a practical course that gets jobs, but with the system that we are setting up forensic science—which is basically mostly chemistry—is one of the fashionable courses at the moment. It is interesting speaking to the heads of schools because they are saying, 'The reality is these people are not going to get jobs,' but we are setting up a system which is saying, 'Forensic science is cool. We're going to get money for these particular places. We're just going to open up the places for forensic science.'

**CHAIR**—We are running short of time. There is one question I do have to ask you though. The submission from the UWA Students Guild says:

> … some universities allow domestic full fee paying students to enter with TER marks 20 points below their minimum standard.

What is the evidence for that? Can anyone help me on that?

**Mr Bradley**—I can speak to that, at least with regard to Murdoch. In the veterinary science program—which is quite a special course; it is one of the flagships of Murdoch University—for international students who can pay their way in, their equivalent rates are at least five to 10 points below. If you have got the money, you can get in on that context. That is happening now.

**Senator CROSSIN**—Mr Torre, I will provide you with some information about the Northern Territory that you will probably enjoy. In Charles Darwin University we have a chair's position, funded by Ranger uranium mine, which is actually the chair of cultural and natural resource management. That tops anything you could give us today.

**Mr Torre**—That is true.

**Senator CROSSIN**—Can you tell me about the student contribution to course costs here in Western Australia and whether you have done any analysis of that or looked at it? We know that it is about 36 per cent nationally; is there any evidence that it is higher or lower than that here in Western Australia?

**Ms Mascarenhas**—As far as I know we have not actually done any stats.

**Senator CROSSIN**—Have you looked at anything specific to Western Australia though?

**Miss Strang**—No, although I cannot imagine it being much different. On the whole, students are not against paying something. The level it is at now is what they are able to pay. If it goes any higher, then that is where it is going to break the camel's back. Everyone thinks that we are just bludgers and want to get as much for free as we can, which is not the case at all. We do not get the education that we pay for now, so why pay more for exactly the same product? We are not going to get an improved product; we are going to get the same product. The money that is

raised by increased fees and such is not going to come back into the course structure; it is going to go into the infrastructure of the university so that 20 years down the track they can actually have scholarships et cetera available. That is what we are against: paying more for the same product that we are already getting and that will not be improved.

**Ms Mascarenhas**—And there are people who are not in the classrooms right now who should have the same opportunities as people that are going to uni right now.

**Ms Gisborne**—If you look at students of the future, we talk about lifelong learning but we also have in all states a move afoot around retention and participation to year 12. One would assume that with that comes some hope that there are opportunities for further education, whether it be in TAFE or the tertiary sector. If we cannot provide for the numbers that we have got now, how are we going to meet the needs of those students in the future?

**Senator CROSSIN**—There has been very little opportunity to examine the impact of this package on women and Indigenous students particularly. You have made some comments about that in your submission, where you say that women generally take significantly longer to repay their debts. Assuming that that is also linked to the imposition of a learning entitlement, can you offer some comments as to what impact you think this package will have on women and Indigenous people in Western Australia, if you have knowledge of that.

**Miss Strang**—I was 30 years old before I decided to come back to university. One of the major things I had to decide before I came back to university was whether I really wanted to get saddled with a $15,000 debt at the age of 34—which will be 35 now, because I have actually extended by one year. When I graduate, do I really want a $15,000 debt, knowing that I do want to get married and have children? Eventually I am going to have to pay this back. Feasibly I could be 40 before I even think about having children, because you have to work for a little while before you can start paying back your debt. That is a major consideration, although not so much for young girls when they first leave high school, because they are only 17 or 18 and they have feasibly 30 years left in the work force. For mature age students it is a major consideration—not only for females but for men as well—mainly for females. Especially if you want to do the whole family bit it is a major concern.

I would have come out with a $15,000 debt. That has actually gone up to $17,000 now because I have extended by one year—I have gone into student politics and taken a year off from my studies because I had to. I could only afford two years at uni and my three-year degree did not allow my money to stretch to three years, so I had to work for a year. I was lucky enough to get a job that leaves me on campus. I find that a lot of my peers who are mature age students go to uni for two years, leave because they run out of money then never go back. I was in the work force for 13 years, went back to full-time study for two years and it nearly killed me. It was a really hard slog. But, determined as I was, I decided that I could not give up two years of my life to simply go back and get a job in a field that I hate—that was why I left in the first place.

Mature age students are going to be the worst hit. My $17,000 degree, if 30 per cent HECS came in, would be $40,000 or $45,000. That is an insane debt load to bring out into the work force at 35 years of age before I even think about children, a house or anything along those lines. Feasibly I have only 25 years in the work force to pay that off, buy my house and raise my children. That is a big consideration. If I was an Indigenous person living in the country it would

be even more difficult. I was from the country, actually. I had to move back to Perth, so that was another consideration when I came back to uni. 'Can I afford to live out of home? Can I afford rent? Well, no, Austudy is $300 a fortnight. You pay your $100 a week rent and that means you have $100 a fortnight to live off.' Those sorts of things are major considerations, not only from the Indigenous perspective. I think there are five Aboriginal scholarships Australia-wide.

**Senator CROSSIN**—Is that for Indigenous people employed in universities to undertake postgraduate scholarships?

**Miss Strang**—Yes, Australia wide, and then you have X amount of scholarships for country students. I think $4,000 is what they get for living away from home. It costs that much just to rent a property and then they have to survive on top of that. They will have to work on top of that to provide food for the table, schoolbooks and stuff like that.

**Ms Mascarenhas**—You also have a system where women, when choosing what degrees they want to study, pick the cheaper degrees. I am studying engineering but only because I have a HECS exemption merit equity scholarship. If I did not have—

**Senator CROSSIN**—You have had that for a number of years now?

**Ms Mascarenhas**—Basically since I started university. If I did not have that scholarship, I would have questioned whether I wanted to study a five-year science and engineering degree. I would have rethought that. That is the case for a lot of women. Because you have this differential system, you ask yourself: 'Do I really want to study law or do I really want to study engineering? Do I really want to have this long-term debt?' That is another thing that women will have to look at and reassess. So there will be a lower participation rate of women particularly in more expensive courses, and we have already seen that.

**CHAIR**—We will need to keep the answers shorter because we are running way over time.

**Senator GREIG**—I want to ask about the humanities. I was at Murdoch University in the mid- to late-eighties, and it was a time when there was no law school or economics and commerce school. Those things came in as part of a broader ideological and social movement towards a more corporatised education sector. One of the first things we noticed was the way that the humanities became underresourced. With this focus on private support for courses and universities, and the pressure on students these days to get their degrees done quickly and to get out there and get a job, what is happening with music, poetry and Latin? Who is subsidising those things? What is happening on campuses with the humanities, where there is a strong perception that in the long term those things are not productive?

**Mr Bradley**—That is a very good question. The scary irony is that the bulk of the students in arts are actually subsidising the students in the sciences and, indeed, the veterinary area. Over the past five or six years, we have seen increasing student to staff ratios and decreasing optional tutorials. The arts do not have that same facility as the sciences to get that commercial money in. To be honest, at Murdoch the arts are suffering. There has been forced consolidation and restructuring of various divisions and schools. They are doing the hard yards. The question is coming up constantly: are these courses economically sustainable? The answer is that these are

part of a well-rounded university education and they are necessary to continue. But how do they fund them? That is the big dilemma.

**Mr Torre**—We have had course rationalisation, departments shutting down, departments merging and a reduction of staffing levels.

**Ms Mascarenhas**—Classes scheduled in toilets at Curtin University.

**Mr Torre**—Which class?

**Interjector**—It was a media information class.

**Mr Torre**—I talked to a member of the general staff at Curtin University, and he said that over the last few years their area had gone from 36 to 23 general staff and had had an increase in student numbers. That is the impact. I think the ANU got rid of their languages—that is the kind of thing that is happening. Some people might interpret that as not particularly important, but for quite a few jobs language skills are important. And it is a bigger question than that of jobs; this is a philosophical issue. If you want to talk about philosophy, if you want to talk about these reforms being about choice, there are fewer choices for students when these courses are being reduced, which is a serious problem.

**Ms Mascarenhas**—Under this system, if this legislation does get through, I think courses will be cut. The vice-chancellor at Curtin has already hinted that there would be course rationalisation and that the university could not continue in the way that it is at the moment. So we would not have the diverse structure that we have at the moment. In terms of who would suffer, it would be the division of humanities.

**CHAIR**—Thank you very much for appearing today; it has been very helpful.

**Proceedings suspended from 10.40 a.m. to 10.54 a.m.**

**MARSHALL, Mr Alan, Principal Policy Officer, Office of Higher Education, Department of Education Services**

**MONEY, Mr Laurence John, Principal Policy Officer, Office of Higher Education, Department of Education Services**

**CHAIR**—Welcome. The committee has before it submission No. 404. Are there any changes that you would like to make to that submission?

**Mr Marshall**—There are no substantial changes that we would make at this stage.

**CHAIR**—Although the committee prefers that all evidence be given in public, if you wish to provide evidence in camera the committee will consider any such request. However, I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

**Mr Marshall**—The submission we have made is on behalf of the Department of Education Services. It is informed by the views of the universities as we have met with the universities, but essentially it is a departmental submission and, therefore, it reflects the interests of the department in terms of the role we have, which is essentially to deal with the Commonwealth and to deal with matters related to the universities in a general sense, but not to deal with the operations of the individual universities. We essentially are interested in item 4 of the committee's terms of reference in regard to the Commonwealth-state role and matters like that.

To summarise—and we have made this point in our submission—we would highlight the fact that Western Australian is putting forward strong arguments for additional places. We have made arguments over the years that Western Australia, as a state which has been growing significantly, has not had the places made available to meet our growth. Participation rates have therefore dropped, and it is simply a fact that it is harder to get into universities in Western Australia than in any other state, and the cut-off scores will go higher next year. As a state, we have significant concerns about that. We have made representations to the Commonwealth over the years about our need for places. Essentially that has been accepted by the Commonwealth and there is no argument that Western Australia does not have that issue on the table. The problem we face with this package is whether there are enough for places in it to meet the requirements of the growing states, particularly Western Australia.

We applaud the removal of marginal funding. The injection of more money back into the system is much needed. We would clearly see ourselves as getting a large percentage of the redistributed places—that is, of the 25,000 places. We would obviously be arguing for our reasonable share of additional places. On a simple argument based on equity, Western Australia must get a larger share of those places. Our concern is that the overall package does not appear to have enough places to meet the state's needs. Western Australian will be strongly arguing that we must have equalised participation rates across Australia as a simple equity arrangement. Students in Western Australia should have equal opportunity to get into university, and at the moment that is not the case. It is our strong case that we need to meet the demand in our state.

The second point we have made in this paper comes down to the fact that Our Universities: Backing Australia's Future is not a white paper. In previous years, a white paper would have given a fair bit of detail on philosophy, and this document does not do that. We are now in the process of negotiating with the Commonwealth about the detail. There is a lot of detail outstanding. From the state perspective, we are meeting with the Commonwealth on 15 October to begin some of these detailed discussions. At the present stage, we have a package on the table but a lot of the fine detail is yet to be worked out. In terms of a discussion of a white paper, we would have rather seen an argument about how large the higher education sector should be—that has never been a part of the argument. We would have liked to have seen a discussion over tertiary education and the balance between the sectors. The fact that that is not addressed effectively is a shortcoming of this paper. Therefore, it fails to put into perspective the argument about additional places. Unless you know how large the system is that you are paying for, you do not know. So we would like to have seen an argument on the size of the sector and the balance between the sectors.

The third point we have made over time is simply that we have seen a major shift from Commonwealth direct funding to individual student funding. We now have the Commonwealth directly funding less than 40 per cent of the system—40 per cent of it being picked up by the individual students and the balance by the states, from private operations and from international students et cetera. That big shift raises the question about whether the shift has gone too far one way. From the state's perspective, we would have significant concerns about the percentage of funding being borne by the students and whether that will now have an impact on students' access to universities, and whether it might deter or prohibit students from getting into higher education. We have concerns about the policy shift to student funding. The proportion borne by the students, comparatively, we think is very high. As to the core of the package, we would have liked to have seen more of a debate about private and public good, and we have not seen that. We understand fully the universities' need for additional funding and we support that strongly, but we have concerns that the funding will be borne by the students in the main.

The next point we would make is that, while we believe that many of the changes are very necessary, the higher education system has really been stagnating for a number of years. Change was necessary, but there are elements missing from this package. One element is the indexation of the university grants. We say there is no advantage in putting an amount of energy into these changes if, in six years time, the universities are precisely back where they started from. The lack of indexation has put the universities financially behind the eight ball. Without decent indexation, they will not have funds available to meet demands for increased salary levels. So we think that a major lack in this package is a realistic index. The point has been made that, by the end of the package, the additional funds that universities get will have been taken up by those cost increases.

The next point we have made in this document is that we have some concerns about some of the philosophy behind the package. I heard the students make the point, and we would make the same point, that Our Universities: Backing Australia's Future is about promoting lifelong learning. The question therefore is: when students have to retrain for new careers, as we know they must, will there be additional tranches of learning entitlements or will students be carrying increased debt? This is a major issue. The fact that it has not been discussed is a limitation in this package. At the end of 2008 or 2009, what happens for students who need to go on to further training? Do they pick up another debt? If that is the case, this package is not about lifelong

learning. It is going to be a major limitation on retraining for students. We would have liked to have seen more discussion about what comes next—not just about what the package is, but what future entitlements will be. Is there going to be another tranche for students and under what conditions? From the state perspective, there is a lot of detail we need to talk out with the Commonwealth. Some of those details are now being looked at.

The last point we make is that, clearly, the percentage of funding has moved to the individual and away from direct Commonwealth funding. That effectively changes the roles of the Commonwealth and the states. In 1991, when the last agreement came out from a special Premiers Conference, the idea was that the states might actually cede power in relation to the universities. That was very much on the table. The idea was that perhaps we should address this hybrid between the universities, the states and the Commonwealth and that the universities might become a Commonwealth entity. The Commonwealth therefore suggested that, if that was going to be the case, perhaps the funding should not go via the states, as it was then doing. Whilst the states were only a post office, funding went from the Commonwealth to the state and then to the institutions. The suggestion was that funding would go directly from the Commonwealth to institutions. In the end, as you would not be surprised to know, a number of states decided that they would not give powers back to the Commonwealth. Yet the change that occurred was that the funding went straight from the Commonwealth to the individual institutions. That meant pretty much that the states fell out of a role in higher education. Across Australia the role of the states has been decreasing over the years.

In Western Australia, we would say very strongly that from 1991—when the funding went straight to the universities—the state attempted to sit back and said: 'Perhaps this is not our matter; perhaps this is a matter for the Commonwealth; perhaps higher education is a matter for the individual university and the Commonwealth.' In a deregulated system with the direct funding from the Commonwealth dropping, obviously the balance between the states and the territories is changing. In a deregulated system, a lot of the problems end up in the state areas.

We have a distinct interest in discussing with the Commonwealth a revamp of the 1991 agreement. At the least, a new agreement should be an outcome of the Commonwealth-state negotiations which are on the table now. While the states are not intending, I am sure, to rush back into direct funding, they certainly want to be better partners at the table. The history has been that the Commonwealth negotiated directly with universities and the state sat on the sideline. Out of that should come a reasonable outcome for both Commonwealth and the state but that does not really work effectively. They are the major points we have made, I guess. We have in the document run over a range of other issues and I am happy to comment on any of those.

**CHAIR**—I read your submission carefully. Since you produced the submission, you have actually seen the legislation. I take it you have had the opportunity to go through the legislation?

**Mr Marshall**—We have looked at the legislation but we have not gone through it in great depth yet.

**CHAIR**—I wonder if you would be prepared to make a supplementary submission to us once you have had the opportunity to read the legislation in detail. I request that of you. Perhaps you could take that up with your minister. It strikes me that there are serious issues here about the

constitutional validity of this legislation. Is the department prepared to examine the legal issues associated with this legislation and in particular section 96, application of grants, and also clauses relating to discrimination between the states?

I ask that in the context of there being no growth funding in this package and that funding for growth places will have to come from fee paying students. My reading of it is that in this state the demographic growth in demand will be something in the range of 10 per cent between now through to 2020. They are official figures. It is slightly higher in Queensland. Nonetheless, that situation would see this state and Queensland having to produce much higher levels of fee paying students to fund growth. The question therefore arises as to whether or not there is discrimination in this system.

You have mentioned the situation in regard to the marginally funded places and the removal of the 25,000 and the replacement with what I see as a lesser number. There will actually be fewer Commonwealth funded places in aggregate terms in this system over the next five years or so. Do you have an assessment of the likely consequences of that in terms of the number of actual Commonwealth funded places that will be available in this state if the current distribution pattern is maintained?

**Mr Money**—If the current distribution pattern is maintained we will be even more disadvantaged than we are now. We have a proposal that is on our minister's table—I do not know whether he has actually sent it at this stage—supporting an exercise that Phillips Curran actually did for Edith Cowan University which we believe is in line with the philosophy we think ought to be applied to the distribution of the 25,000 places. Under that particular model, we are making a claim for 2,500 places in 2005, which will rack up to 6,800—which is 25 per cent of the package over that period of time.

**CHAIR**—Do you think you will get that? Do you think 25 per cent of the package will come to Western Australia?

**Mr Money**—We are putting that claim forward—

**Mr Marshall**—We would certainly hope so.

**Mr Money**—on an equity basis. It is entirely based on equalising participation rates around the states.

**CHAIR**—So you think that 25 per cent is a fair claim for Western Australia?

**Mr Money**—I think it is, yes.

**Mr Marshall**—If you take the view that everybody should have the same opportunity to get into university then that is the figure you come up with.

**Mr Money**—We have made some estimates over the last couple of years which range between us being about 1,500 and 1,200 places short per annum. You can take that up a bit more—

**CHAIR**—What is Western Australia's share in the system at the moment?

**Mr Money**—It is about 9.8 per cent of the relevant age population. You need to take account of the different age cohorts. We have about 10 per cent of the population. It does not sound like very much—0.2 per cent—

**CHAIR**—But you think you should get 25 per cent of the next distribution round?

**Mr Money**—That is right, yes.

**CHAIR**—That is ambitious.

**Mr Marshall**—The difficulty is that it is the marginal places where the growing states would need to get equity. That requires some redistribution between the states. We have never argued that that is a terrifically good basis to provide growth. We would like additional places.

**CHAIR**—I understand. I just want to get your argument clear on this. You are saying 25 per cent will bring you up on an equity basis. Do you think that is a reasonable claim?

**Mr Marshall**—Absolutely.

**CHAIR**—The legislation that we have before us is not something that we can assess without detail, and our problem is that we do not have the detail. You are saying that you do not have the detail. Have you had any regional impact statements given to you? Have you been given any longer-term, say 10-year, impact statements on institutional levels?

**Mr Marshall**—No.

**CHAIR**—Have you been given any in terms of sectoral impacts?

**Mr Marshall**—No. The Commonwealth and the states will meet on 5 October to start discussing these things. We are hopeful that the Commonwealth will be in a position to give us some more details at that stage.

**CHAIR**—I just think it is an irony that we have gone through 12 months of review, 700 submissions and nearly 300 pages of legislation, but we do not actually know how it is going to affect people. It seems to me that it is putting the cart before the horse. Would you agree?

**Mr Marshall**—We would like to see a lot more detail on the table so that we can assess the impact in Western Australia. It is very hard.

**CHAIR**—These transitional arrangements here are temporary; the effects are permanent. Would you agree?

**Mr Marshall**—Yes.

**CHAIR**—So we do not really know how this is going to affect the system over a 10-year period.

**Mr Marshall**—No.

**CHAIR**—It is a very radical change, as radical as we have probably seen in the history of the Commonwealth in terms of the change in the relationships. I have looked at clause 30-25 and I have referred to it quite a lot because it sets down the conditions under which the minister can make grants. For the first time, a Commonwealth minister is now saying that he or she has the right to pick and choose what courses should be operated at universities. Have you had a look at the legal implications of that?

**Mr Marshall**—I do not think the state has specifically asked itself that question. I am sure the states generally will be asking themselves some of those questions. The concern for us in Western Australia—or the concern for every state—is simply how the Commonwealth proposes to operate its grants scheme. We are concerned that it looks like micromanagement within the university system. We are concerned that this micromanagement occurs with the state's role unspecified.

**Mr Money**—I think it is worth saying—not that there is a lot of corporate history in DEST—that that was the intention of the original profiles system back in the early 1990s, and it never actually eventuated.

**CHAIR**—The difference here is that we are talking about a system of administrative arrangements whereby Commonwealth officers sit down and talk with a university. That is the old profiles system. There is a legal requirement in the old Higher Education Funding Act that information be provided, but there is no legal requirement that the minister can pick and choose what coursework is offered by a university. This is a substantially different proposition from what we have ever seen before, not to mention that $400 million worth of Commonwealth money will be allocated at the discretion of the minister as to whether or not a university meets industrial relations requirements, governance requirements, on a host of other measures, all by contract. This is a substantially different package. Would you agree?

**Mr Marshall**—The state had major concerns about tying funds or requiring the states to change legislation in relation to governance. It appears in the package that the Commonwealth, with now less than 40 per cent of funding in the system, is going for stronger controls over a system that is—

**CHAIR**—In the name of cutting red tape.

**Mr Marshall**—Yes, it would seem. From the state's perspective we simply say: how does this end up meeting Commonwealth and state priorities? We have concerns about how the Commonwealth will actually operate. It may well be that it does not have the capacity to do the micromanagement.

**CHAIR**—I would have thought it would be patently obvious that the Commonwealth Public Service does not have the capacity to individually run institutions, any more than it can run

individual hospitals. Is it the requirement in this state that universities get approval for borrowings from the state government?

**Mr Marshall**—It varies within the university acts.

**CHAIR**—But your loan borrowing requirements take into account the borrowings of universities?

**Mr Marshall**—I understand they do.

**CHAIR**—That is a standard procedure, I might add, right across the country, as far as I know. Given that you are subject to loan council regulations, universities are still regarded technically as state institutions. Therefore, there is a requirement for universities to notify you when they are going to borrow large sums of money and get approval. The treasurer or the minister has to approve it. Under this proposal there is a requirement for the state to change the acts of the universities. Firstly, will the state parliament, in your opinion, agree to that and, secondly, if this bill is passed why should you be involved in higher education at all? What possible purpose is served by or left for the state if this bill is passed?

**Mr Marshall**—Under the Constitution, education is a state preserve. Universities are special types of institutions but they are certainly state entities. They are responsible, under their acts, to parliament. Matters from the Commonwealth about changes to state acts are clearly something that the states would be very concerned about. Matters about the accountability of universities are very much a state matter. While the Commonwealth certainly is the largest single funder of the system, questions of accountability are state matters and I cannot imagine states are going to give up those powers lightly.

**CHAIR**—I accept your judgment. That is the advice we are getting right across the country. That is clearly the advice from MCEETYA—that is, the states are not going to walk away from their responsibilities in this regard. Yet the funding formulas under which all universities have calculated whether they are winners or losers are predicated on the assumption that that money will flow. The money is conditional on the states agreeing to give up their role. There seems to be no agreement that that will occur so I am wondering about the inherent logic of that.

**Mr Marshall**—Every state has either dealt with or is dealing with the fact that universities are large business enterprises, as well as having all their other functions. As they are state entities and are established under state acts, the question of state risk in terms of commercial activity is certainly an issue.

**CHAIR**—That is right.

**Mr Marshall**—Other states, notably Victoria, have made some movements in that regard. Western Australia is certainly looking at, with the universities, changes to university acts to give them more commercial flexibility. But that does bring up state risk. So the states would be looking at this issue anyway. We would assume the Commonwealth would be at the table to discuss matters with us rather than trying to impose them.

**CHAIR**—That is right, but the thing is that that is not the case. This is a bill before parliament which, we are told, has to pass within the next 19 days of sittings or the sky will fall in. Yet there has been no discussion with you about its consequences, no advice to you as to its long-term effects and clearly there is very serious opposition from major stakeholders. Are you able to give a commitment to this committee that you will comply with this legislation?

**Mr Marshall**—We personally are certainly not able to give that commitment.

**CHAIR**—Have you any instructions from your minister that this state is prepared to knuckle under these provisions?

**Mr Marshall**—The state's position, which we put to MCEETYA and we have not moved from that, is simply that we will discuss the matters with the Commonwealth. It is at that level now and MCEETYA says that accountability, the frameworks and governance are matters which originally were proposed by the Commonwealth as a fait accompli. It has moved from fait accompli to discussion, but we have not got that discussion going.

**CHAIR**—Why should we pass the legislation if those agreements are not in place? That is a question for us to answer.

**Mr Marshall**—That is a question for you.

**CHAIR**—That is our dilemma. We do not have basic information about how this will work, we do not have basic information about its long-term implications and we clearly are getting contrary advice from a range of sources, yet we are told that this committee should recommend that parliament should pass this legislation, basically with its eyes closed. That is the dilemma we face.

**Senator JOHNSTON**—Mr Marshall, you refer in your submission to the MCEETYA meeting in Ballarat and also highlight best practice in university governance and the need to reach agreement on that. You talk also about the further streamlining of reporting and compliance arrangements, including a new accountability framework. Why are those issues on the table so clearly and obviously? What is the driving motivation and background behind that? What is the problem?

**Mr Marshall**—From a state perspective, constitutional issues are at the back of this and probably nobody will rush to the table on those immediately. But these issues are clearly state matters, and the Commonwealth cannot deal with them without the states being there. This package is not one that can be delivered without the states being there. It is a simple fact that the Commonwealth does not really have the capacity to deliver the package unless the states are willing. There is no question that universities, apart from a couple which happen to be Commonwealth, are all state entities. Universities' legislation is intermittently linked with a whole range of state legislation, and you cannot conceive that at the moment these matters can be just rushed ahead without quite a lot of discussion.

**Senator JOHNSTON**—Does the state concede that there is a need for the institution of best practice in university governance?

**Mr Marshall**—Discussions that have occurred between the minister and the university vice-chancellors would say that these matters of governance are important and are on the table for discussion. Having them imposed I think is the issue.

**Senator JOHNSTON**—You are aware of the discussions that have occurred between the Commonwealth and the vice-chancellors?

**Mr Marshall**—Yes.

**Senator JOHNSTON**—I am interested more in whether the state accepts that that is a bona fide issue. I accept that you are saying it should not be imposed from Canberra, but is that an issue that concerns the states?

**Mr Marshall**—In the sense that we would have to change state legislation, certainly it is.

**Senator JOHNSTON**—I am not talking about the constitutional difficulties; I am talking about the issue in itself. Is the state at all concerned about the governance issue and best practice being instituted across the board in higher education in Western Australia?

**Mr Marshall**—I guess we would not have approached this issue in the way the Commonwealth has done. The idea that there needs to be a standard approach across Australia seems to be a bit bizarre. We think there may well be changes to governance that individual universities and their vice-chancellors would be very keen to see.

**Senator JOHNSTON**—Do you think there should be a standard approach in Western Australia?

**Mr Marshall**—We do not really see that a standard approach is essential.

**Senator JOHNSTON**—Are you saying that it is not actually an issue?

**Mr Marshall**—It is not an issue that the state would have put at the highest point, but it is a consequential issue of looking at the changes that need to be made to universities to act commercially, say. Clearly governance arrangements, structures and reporting are matters that the state would be interested in. But we would not have been sitting down and trying to get a uniform approach with the universities, no.

**Senator JOHNSTON**—I am interested in your approach to saying that the universities should act commercially. Do you say that they do not act commercially currently?

**Mr Marshall**—I guess it is a question that arose out of competition policy reviews that were done. In Western Australia the outcome of those reviews suggests that the universities were slightly limited by their acts in the effective use of their resources and that under some acts there were questions about the extent of commercial activities they could enter into. The state wanted to make it clear that universities had the powers to use resources effectively.

**Senator JOHNSTON**—So am I to take it that the state's view is that these institutions should expand their commercial perspectives and develop their own income streams much more readily than they have in the past?

**Mr Marshall**—No, it was not taking a positive line in the sense of trying to encourage them to do so. It was just the state acknowledging that they are large business entities, that Commonwealth policy has forced universities to find private sources and that, if that has been the locus of Commonwealth policy, we should enable our universities to work or operate effectively within this environment.

**Senator JOHNSTON**—To that extent, do you say that state legislation is probably not as appropriate as it might be to the changing face of these institutions?

**Mr Marshall**—Certainly, and it differs between universities because different time frames are involved in their acts. Certainly there are changes that can be made.

**Senator JOHNSTON**—You mention, as a matter of equity, extra places that should be designated for Western Australia. I am obviously very keen to see you succeed in getting those extra places. Can you tell us what you found your claim to an extra 25 per cent of places upon? Let us take the opportunity to put that on the record.

**Mr Marshall**—As Laurie has indicated, the principle we take is that—

**Senator JOHNSTON**—I do not want you to pre-empt what you are going to say during the meetings in the next month or so. If you feel constrained by that and do not want to talk about it, feel free to say so.

**Mr Marshall**—We do not feel constrained about the argument; it is a very clear one. It is an equity argument—that is, the opportunities of Western Australian students to get into university should be equal to those of students in other states. We are a growing state and that growth needs to be acknowledged and, because that growth has not been acknowledged, our participation rates have dropped. In percentage terms, there may be only a small difference in participation between the Western Australian rate and the average, but that small difference adds up to our being behind, equity wise, by 1,500-odd places. We are concerned that this package should bring us up to an equitable participation basis.

**Senator JOHNSTON**—Do you believe the package gives you an opportunity to address that inequity?

**Mr Marshall**—There is an opportunity there, but we are concerned that it may not be seized. We have argued that there is a limitation in the package, in that there should have been more new places on the table.

**Senator JOHNSTON**—The 25,000 should have been more?

**Mr Marshall**—No, the 25,000 redistribution should have been matched by more new places. At the moment we are required to meet Western Australia's legitimate needs within this figure. That means that Western Australia's legitimate needs would have to be met at the expense of

some other states. That is not an easy thing for anybody to achieve. But we can only deal with the package we have on the table and say what it is that we need from the package. We would be delighted if the Commonwealth increased the number of new places to meet the state's growing needs.

**CHAIR**—But you accept that with the number of places you can take into account—with the removal of the marginal and the replacement of fully funded over the long term, although not till 2007—there are actually fewer places on the table.

**Mr Marshall**—That is right. We understand that the system will be under tighter provision over the next couple of years. For Western Australia that means the highest cut-off rates in Australia will go even higher. It is a very difficult position for the state.

**Mr Money**—One of the earlier points Alan made was that the package should have looked at the whole of the tertiary education sector—that is, at TAFE and the university sector together—because together there may be some means of providing equity across states.

**Senator JOHNSTON**—I will touch briefly on Indigenous education. You comment quite favourably on the perspectives within the package for Indigenous education. Obviously Western Australia would have somewhat of a vested interest in that area, as opposed to a number of other states. What do we plan for representation on the Indigenous Higher Education Advisory Council? Do we look to play a major part in that?

**Mr Money**—I do not have any information about our proposed role.

**Senator CROSSIN**—The composition of that council has not been made public yet.

**Senator JOHNSTON**—No.

**Mr Marshall**—No.

**Senator JOHNSTON**—Are we taking any steps to engage the Commonwealth on that basis?

**Mr Marshall**—I would certainly hope that Western Australia would be represented on the body, yes.

**Senator JOHNSTON**—But will that be the subject of one of your meetings? I think you said you will meet in October.

**Mr Marshall**—It is not on the table in the initial discussions, but certainly there would be subsequent discussions. We would certainly expect to be given the opportunity to have strong representation on that though.

**Mr Money**—Embedded in the office of our department is the Aboriginal Education Training Council. May O'Brien is the chair of that council and she was on the Aboriginal education reference party that was used in the formation of the Crossroads process.

**Senator NETTLE**—In relation to governance protocols and legislation, you talk in your submission about the importance of maintaining student and staff representation on senates and councils. Would you expand on your views around that particular area?

**Mr Marshall**—Comments in this document reflect both the state and individual universities' input as well, and so those points have been made by a number of universities. I guess we were reflecting that with managing bodies it would not be unreasonable if people who were directly affected by their operations and had a lot of knowledge had input into the process of governing the university. I suppose we were reflecting simply that we did not want the Commonwealth to tell us who we could and could not have on the bodies. We thought essentially that it was a matter for individual universities to decide how their structures should be established and to manage that themselves. The state was simply reflecting university comments.

**Senator CROSSIN**—Would you clarify your comments on the regional loading? You comment in your submission that the loading should be based on the distance of universities rather than on the main campus in each state and territory. What do you mean by that?

**Mr Marshall**—I will speak briefly and then pass over to Laurie. Western Australia is a very large state and most of its population is in Perth, as we all know. Therefore, with the numbers out there being smaller, our regional delivery is much more difficult. We thought it was very unfair for the loading to be related to the size of the individual university—which happens to be in Perth. As a state, we have not gone down the road of having a separate regional university. We could have done that, but we have not. The Perth universities are all carrying aspects or elements of regional delivery. We do not see why we should be penalised simply because we did not establish a regional university. We wanted the costs and the problems of regional delivery in Western Australia to be effectively acknowledged, and we do not think the regional loading does that.

**Senator CROSSIN**—In the Northern Territory we have both the Bachelor Institute and Charles Darwin University. Even though Charles Darwin University is based in our capital city, it gets a regional loading in acknowledgment of the fact that it provides courses around the territory. Are you saying that in a similar way some of your universities perhaps should have got around 30 per cent to acknowledge the fact that they provide courses right throughout Western Australia?

**Mr Marshall**—It is clearly not a particularly logical thing to isolate the Northern Territory in one way and then deal with everybody else in a different way. That is addressing a problem in the Northern Territory rather than addressing the problem of regional delivery. We could make cases for campuses to be up in that top band. We could make cases for all our campuses to be in higher bands, and we have done so and will do so. We just do not think this has been a reasonable way of trying to make a fair distribution.

**Mr Money**—I think it is a bit bizarre. If my memory serves me right, the loadings received by Tasmania as part of the package exceed or are about equivalent to Western Australia. I just cannot understand how that can be.

**CHAIR**—Two votes in the Senate, do you think, might have something to do with it?

**Senator CROSSIN**—We were in Hobart last Friday and UTAS is due to get 7.5 per cent on their loading. However, with additional universities now included in the regional allocation and no increase in the bucket of funding, they say they think their equivalent 7½ per cent will go down to about five per cent. What is the loading of the universities here in Western Australia, or is there no loading?

**Mr Money**—I think Notre Dame might be entitled to a bit for Broome, and that is about it.

**Senator CROSSIN**—And yet you have universities that have campuses up the north coast?

**Mr Money**—We have. There is a large Curtin campus at Kalgoorlie. Edith Cowan has a large campus at Bunbury—there are over 1,000 students down there—which caters for the whole of the South-West. There are university centres scattered around Albany and Geraldton.

**CHAIR**—But they are not getting any money, are they?

**Mr Money**—No; and there is very limited funding.

**Senator CROSSIN**—I do not call them regional or remote exactly. Let us go to Broome or Kununurra. Other than Notre Dame, are there universities with campuses in those areas that you believe should attract an extra loading?

**Mr Money**—Notre Dame has its main campus in Broome, and Edith Cowan offers courses through that centre as well. Edith Cowan works closely with Notre Dame up there as far as possible. But otherwise the centres are just too small.

**Senator CROSSIN**—But would universities have lecturers based in remote towns up in the Kimberley, for example?

**Mr Money**—No.

**Senator CROSSIN**—Then it is very different to the Northern Territory.

**CHAIR**—Western Australia does not do well out of the regional package, does it?

**Mr Money**—Not at all. We put a paper to the Commonwealth, as part of the initial Crossroads process, that there needs to be a specific nationwide policy directed at improving participation in rural and regional areas. If you look at the statistics over the last 10 years, while participation rates have generally stabilised or increased in metropolitan areas, in rural and regional areas participation of local people—using the postcode as the reference—has declined. So people in country areas are accessing higher education less.

**Senator CROSSIN**—But with the way Tasmania has been treated with the regional loading aspect of this package you see no logic in the way that Western Australia has been treated. Is that right?

**Mr Money**—No. It seems as though the package is using the wrong parameters or something like that because it is just not targeting the right points.

**CHAIR**—I take it that the paper that you have mentioned, regarding equity and rural participation, did not meet with much success.

**Mr Money**—Crossroads; yes.

**CHAIR**—Is it a MCEETYA meeting that is being held on the 15th?

**Mr Marshall**—Effectively it is a meeting of the Joint Committee on Higher Education coming out of MCEETYA, yes.

**CHAIR**—Where will it be held?

**Mr Marshall**—In Canberra.

**CHAIR**—Thank you very much for your participation here today.

[11.38 a.m.]

**GARNETT, Professor Patrick James, Deputy Vice-Chancellor, Edith Cowan University**

**KING, Dr Susan Elizabeth, Executive Director, Governance, Policy and Planning, Edith Cowan University**

**POOLE, Professor Millicent E., Vice-Chancellor, Edith Cowan University**

**CHAIR**—Welcome. The committee has before it submission No. 183. Are there any changes you wish to make to it?

**Prof. Poole**—No.

**CHAIR**—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 would point out however that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

**Prof. Poole**—Thank you very much. We were delighted to be able to provide a submission to this Senate inquiry, but I must admit I have a kind of feeling of deja vu. It was three years ago that I sat in this same seat talking to you. The word used then was 'crisis', and Senator Tierney and Senator Stott Despoja were present. I guess we have moved from 'crisis' to 'Crossroads'.

As Vice-Chancellor of Edith Cowan University and a member of the AVCC, I would be interested in our moving towards investing in higher education in Australia. If Australia is going to be truly competitive in what is the so-called 'knowledge economy', I do not think higher education should continue to be such a major political issue. As a person and as Vice-Chancellor of ECU, I would dearly love all sides of parliament to work out a way forward. I think the Australian higher education sector is in dire need of a major funding injection. That has been evident not just since 2000-2003; I have been a vice-chancellor for 6½ years now and every year the budget gets tighter and tighter. Every year we have talk of investing in higher education.

We feel that this is a terribly important debate to participate in because it seems that the government is determined to invest in higher education. We certainly are encouraged, as we said in our submission, that the so-called Nelson reform package puts forward a framework in terms of sustainability, quality, equity and so forth but also in terms of loss of investment in higher education. We are particularly interested that, in the series of broader debates, the viewpoint is put for what we call the new generation universities. Sometimes the AVCC is seen as being fragmented, because we have the GO8, the ATN, the regionals, the innovative research universities and the new generation universities. I think it shows healthy diversity, but I would hope that any funding models that are worked through can encourage and allow all those clusterings of universities to thrive in the new funding era.

As a university, Edith Cowan has undergone significant restructuring in recent years. I do not think we are in need of major reforms; I think we are in need of a major injection of funding. We

certainly have restructured. We have consolidated our campuses. We have five campuses, and we know we cannot afford to have five campuses. So in the interests of efficiency we have tried to divest two of our campuses. We have undertaken major organisational structural change, and certainly we have had to do this to live within our budget, but also we have had a strong strategic direction. We are quite happy with the philosophy in the Nelson reform package that universities can be different and that they can be 'funded for their mission'; I do not know what that means yet, but it seems a good way forward.

We have been particularly pleased by the commitment of the government towards an injection of figure into higher education. As an institution, we were particularly pleased and impressed with the wide-ranging and genuine consultation that Minister Nelson undertook with the sector. I have worked with Minister Kemp and with Minister Vanstone, and this is the first time that I have ever felt—and the sector and the AVCC has ever felt—that we have had a minister who has listened to our concerns and, we think, has been willing to be an advocate for us in expenditure review committees or Senate estimates or whatever.

In particular, as we said in our submission, we are supportive of several elements of the package. We think the reassessment of the current outmoded funding model was long overdue, and so we are delighted that universities will now be funded according to their current teaching and discipline mix, rather than on the basis of a historical snapshot that is no longer relevant. We are pleased with that. We support the decision to introduce fully funded places and to phase out marginally funded places, because marginally funded places have put pressure on quality and there are funding pressures already there.

We are also supportive of the commitment to improve access to the sector, particularly for Indigenous Australians. We are also pleased that there is recognition of the additional costs faced in regional delivery of higher education—although, after listening to the last questions and answers about that, we certainly put in harder arguments to the minister that our 2.5 per cent loading was not a real loading in terms of regional delivery. We were delighted with the national priorities, particularly those given to nursing and teaching. We were also happy that within that there was concern for practicums for nursing and for teaching, because that was a big element that was missing before. We think overall the package is a good one and represents positive steps towards reforming the funding model and addressing certain funding inequities inherent in the current model.

However, we are concerned about number of elements. The elements of the package which give us cause for concern include the workplace relations reform being linked to the Commonwealth grants scheme. We think that is a particularly inappropriate linking of two aspects. We were very concerned about the lack of appropriate indexation. We understand that Minister Nelson argued for this but was not able to win it in the forums that he had to fight for it in. It seems to us puzzling that schools—and there are many more schools and it is a much bigger burden on the public purse—automatically get 5.6 per cent indexation, whereas universities get 2.5 per cent. It is a very unrealistic figure. When as the AVCC and as the university we put in a submission, we said we really only need two things: an appropriate level of indexation and appropriate EFTSU funding, and we could survive on our own initiatives. So we are very disappointed about that.

We are worried about the national governance protocols and the taking up of a model of one size fits all and what this will mean, because it seems that there are differences in the states and that some of the concerns are being imposed because of what is happening in other states rather than here. We are also very worried about the potential for an overly intrusive approach in many things, such as the labour market driven course mix and the point you mentioned about the minister being able to actually directly indicate where things can go. We are also concerned about the increase in bureaucracy that will come about as more and more accountabilities are placed on us when less and less of our money comes from the federal government.

However, in spite of these concerns we realise the need for reform linked funding and we hope that the process will not be stalled. I know you mentioned the next 18 or 19 days. It is true that it would be a national disaster to rush it through but to think that we might have to go for yet another year without some of these issues being based on negotiation and the realisation that if we are not a nation in crisis then we are certainly a nation at the crossroads needing a serious injection of funding.

**CHAIR**—Thank you, Vice-Chancellor. You say it would be a national disaster to rush these things through.

**Prof. Poole**—Did I?

**CHAIR**—Yes, you did. I thought you just said that.

**Prof. Poole**—No, I thought you said earlier—

**CHAIR**—I just heard you a moment ago.

**Prof. Poole**—I was quoting your words that I heard when I was sitting over there.

**CHAIR**—I will put it to you this way: you agree that the G8 universities are big winners out of this package.

**Prof. Poole**—Yes, I do.

**CHAIR**—Melbourne and Sydney.

**Prof. Poole**—Yes.

**CHAIR**—The Vice-Chancellor of Sydney university, Professor Brown, said to us that this package has obvious deficiencies. He said:

> ... there is the ill-conceived commitment to Voluntary Student Unionism; *(ii)* there is an overly tight straitjacket for the distribution and re-distribution of government subsidised university places; *(iii)* there is an excessive degree of control inherent in the discipline mix, with the potential for gross intrusion upon university autonomy, academic freedom and student choice; *(iv)* there is a totally illogical link between increased funding and ideological components of industrial relations ...

He says that the most significant defect is the lack of indexation. He says that the proposal is not sustainable. Do you think we should rush it through?

**Prof. Poole**—I am not going to buy into that one. I have made many of those same points. The reason it is not sustainable is this: there will be no long-term funding framework which gives us indexation. As I said, when the AVCC put in its submission for 2020, it had package of 10 things. It is unfortunate that the package has been cherry-picked, as we knew it would be, because the two fundamentals were indexation and better funding for EFTSU. If we just had those two things, we could have survived. But let us be realistic, politically and philosophically. This government is wedded to user pays, and there is an increase in user pays philosophy. It is wedded to a philosophy of deregulation. So it is trying to give a policy mix where there is something for everybody. That is the political reality. I do not disagree with anything that Gavin Brown has said, and in fact my list of positives and negatives, which is not as elegantly phrased as Gavin's, is identical.

**CHAIR**—Let me put to you yet another elegantly phrased expression from another great advocate of this system, Professor Gilbert, who says:

> I have a fairly strong feeling that there will be universities that will say that the impact on the quality of education we can offer, if we are forced to comply with these regulations, is not worth the money.

Would you say that that is a reasonable point of view?

**Prof. Poole**—Alan Gilbert is one of the vice-chancellors who put forward the view that Australia does not have one university in the top 100 and argued for greater concentration of resources on that. He comes from one of the richest universities in Australia, a university that has had abnormal influence since the Pennington days, through all the Dawkins debates and post those. I would say that is a reasonable point of view if you are the Vice-Chancellor of the University of Melbourne.

**CHAIR**—So he can afford to say that?

**Prof. Poole**—Yes. He can afford to walk away from anything, as UWA can. ECU cannot afford to walk away. We are the third-poorest funded university in the system, and I have gone to Canberra every year to point that out.

**CHAIR**—I will come to the funding arrangements at your university. As you know, I share your concerns. But I ask you this: is there anything you will not do to get additional moneys from a government that sets conditions on payment of moneys?

**Prof. Poole**—I do not think I have that luxury, for a number of reasons. I am accountable to a governing board, I am accountable to a state set of legislation and I am accountable to a federal system—at the last council meeting I tabled two pages of accountability. If you make universities any more accountable, we are going to be spending 64 per cent of our budget not on teaching, learning and research but on compliance. If I were to draw up the compliance costs for the last 6½ years they would be horrendous, and they are going to be even higher.

**CHAIR**—With respect, Vice-Chancellor, the question I asked you went to the question of conditionality.

**Prof. Poole**—Is there anything I would not do.

**CHAIR**—Are there any points at which you are no longer an independent, autonomous university?

**Prof. Poole**—But we are not now.

**CHAIR**—You are not now?

**Prof. Poole**—We have not been for yonks. Universities are so highly accountable.

**CHAIR**—So, as far as you are concerned, you do not share the view of other vice-chancellors about the intensely intrusive nature of this package.

**Prof. Poole**—Absolutely. I said in one of my dot points that it is overly intrusive and bureaucratic. It is micromanagement. It is terrible.

**CHAIR**—Is there a point at which the intrusion becomes so much that you will not accept the money?

**Prof. Poole**—That is not a personal decision I can make. It will be a decision of the governing board. Certainly, as a member of the AVCC I have said that, along with all the other Australian vice-chancellors. But the reality is that we need a major injection of funding in Australian higher education. Someone told me this morning—I have not read the papers yet—that we have a $7 billion—

**CHAIR**—$7.5 billion.

**Prof. Poole**—or possibly a $7.5 billion budget surplus. To me, that is puzzling; I thought we were in crisis with what we had to spend on terrorism, war and drought relief.

**CHAIR**—Yet we cannot afford enough to finance our universities.

**Prof. Poole**—I thought we could not afford anything, so I am puzzled that we cannot afford universities, schools and hospitals.

**CHAIR**—Professor Chubb put a view to his council members—I have a copy of it here; as you know I am on the council, so I declare an interest in that—that he will not be deterred from the arrangements that have been entered into by the edict of the minister, in terms of his statements concerning requirements for EBAs. He says:

> ... compliance is a requirement for the extra funding made available in the federal budget ...

He believes:

... the requirements intrude deeply into how we manage our affairs and go beyond what we had thought had been discussed with the Minister ...

Do you believe that these requirements go beyond what you have discussed?

**Prof. Poole**—I believe they do, but I do not believe that the minister has been able to handle this in isolation. I think the linking of the workplace relations reforms under Minister Abbott with the higher education reform was, as I said, an unfortunate coupling, and all of the vice-chancellors have been vocal on that.

**CHAIR**—But you do not think you were misled? Did you know that these requirements would be in this bill—that, for instance, the minister would be able to pick a course at your university?

**Prof. Poole**—No.

**CHAIR**—When did you discover that?

**Prof. Poole**—When I went to the briefings in Canberra when the bill came out, the week before last.

**CHAIR**—So that was the first time?

**Prof. Poole**—That was the first time the 300 pages of legislation arrived on our desks and we were briefed on it.

**CHAIR**—So we had this extensive process of consultation in which basic financial information was not provided about the future health of the system, in which basic research on HECS was not provided and in which no long-term plans were provided about the impact statements of these proposals at a regional, institutional or sectoral level. And you still believe that that was a reasonable process of consultation?

**Prof. Poole**—I believe it was a very reasonable process of consultation. I do not believe it was necessarily a good process that, when some of that data and modelling was taking place, it was not available to the sector. In fact, the Australian vice-chancellors met with people from DEST, and we asked that that modelling be made available but it was not. It did leak to the press, however, in terms of what universities were to gain.

**CHAIR**—They got it wrong too, didn't they?

**Prof. Poole**—The press often get it wrong. I cannot comment on that.

**CHAIR**—No. The department's figures were wrong, because you did your own figures on Edith Cowan.

**Prof. Poole**—We did our own figures; we always do.

**CHAIR**—And did you agree with the department's figures?

**Prof. Poole**—Actually, it is interesting that, on the modelling we did—and we used Phillips Curran to model for us—we found that, with the Labor Party, with the Nelson reform package and with our own modelling it came out looking pretty much the same. That is because of the diversity of where we get some equity, some Indigenous, some regional and rural, some new players et cetera. So we were going to be about $8 million ahead no matter what.

**CHAIR**—I notice that in the original package they announced that it would be a cost to the transitional funding of about $12 million. They had to reassess that and come up with a figure of $36 million. That is a substantial departure. They got it wrong—that is my proposition.

**Prof. Poole**—No, I do not think they got it wrong. I think they were just being responsive to lobbying, just as Wollongong—

**CHAIR**—Hang on. You go from $12 million in the budget to a figure of $36 million, and you do not think that is wrong?

**Prof. Poole**—No. I think they were responsive to a series of arguments put by powerful lobbyists, one of which was Western Sydney. It is a political process.

**CHAIR**—Can you show me in the budget papers or the package where any of those enhancements are funded?

**Prof. Poole**—Within the total funding envelope, I would imagine. What was the question you were asking me?

**CHAIR**—Can you show me in any of these packages where these enhancements in response to this lobbying are actually funded?

**Prof. Poole**—If you are asking me—and I will make your question concrete—if I take the regional and rural loadings, the fact that Wollongong is now put into that—

**CHAIR**—Newcastle.

**Prof. Poole**—No, not Newcastle. Wollongong got in, not Newcastle. As you know, something has happened in the last two days—

**CHAIR**—Go on.

**Prof. Poole**—If Newcastle is in, okay. If you take that first argument, then that will be within the current envelope. But if you take the case of Western Sydney in terms of the arguments there and other ones in terms of those lobbying groups, that is new money.

**CHAIR**—New money?

**Prof. Poole**—I imagine it is new money, if you are going from—

**CHAIR**—I put it to you that it is not new money. The regional loading is a fixed sum.

**Prof. Poole**—That is what I am saying: the regional loading is a fixed sum. I thought you were also asking about the transitional.

**CHAIR**—No, the whole package is a fixed sum. Finance has not agreed to any enhancement moneys.

**Prof. Poole**—Even with the $7.5 billion.

**CHAIR**—That is right, and the minister has actually said that this will all be budget neutral. I wonder if you could tell us, given that the vice-chancellors have been taken into the minister's confidence on this, where the savings will come from.

**Prof. Poole**—No, we have not been taken into the minister's confidence on these issues at all. I said what the minister did extremely well was his consultation and his openness to listen. From what we have heard, he went in and fought for the original package. He tried very hard.

**CHAIR**—I would be surprised to see where he actually argued for indexation. I am yet to see one report anywhere in any documentation that he argued for indexation, but the vice-chancellors have been advised of that?

**Prof. Poole**—We heard that he had and that people like Minchin and others had indicated that there would be flow-on factors to other industries and that therefore we were not strong. When you think about schools getting 5.6 per cent, it is crazy. It is just not sustainable what has been happening since the Amanda Vanstone cuts. It has not been sustainable.

**CHAIR**—Do you think Professor Brown's comments about this package not being sustainable are equally accurate?

**Prof. Poole**—I said that it is not sustainable after the next three years because there is no indexation so, yes, we all believe that.

**CHAIR**—So why should the Senate pass this if, on your judgment, it is not sustainable?

**Prof. Poole**—Because it is like deciding whether to have a blood transfusion or an injection so that you can live longer or to just die in hospital. I was thinking, 'Good, this is a bit of an injection to keep us going, enabling us to make our own way and our own future,' which is what we have been doing, because we have been so poorly funded, for several years. It is a blood transfusion.

**Senator JOHNSTON**—You touched on what you have been doing for the last couple of years. What has Edith Cowan University been doing to innovate in the difficult funding environment?

**Prof. Poole**—We have probably done one of the most innovative things in the whole of Australia. We had five campuses. None of them was at a critical mass and size. They were all over the place.

**Senator JOHNSTON**—Where were they located?

**Prof. Poole**—South West Campus in Bunbury and campuses at Claremont, Mount Lawley, Churchlands and Joondalup. We went into extensive negotiations with the state government—it was a Liberal government at the time—to ask if we could divest ourselves of two campuses, the Churchlands campus and the Claremont campus, so we could have the land subdivided and sold commercially so we could reinvest that money. It was state money so it was a difficult set of issues to work through to invest that money in Joondalup, Mount Lawley and the South West Campus at Bunbury.

Bunbury is a growth area and we wanted to put in student accommodation and so on. Joondalup is in a major northern growth corridor so we did major investment there. There was a change of government just when we were close to finishing so we had to renegotiate it but this government has also been supportive of those plans. There has been major consolidation of campuses, using the moneys from that to keep paying our bills and buy new infrastructure for different things.

We have also restructured all the faculties. We had seven faculties and seven divisions for administrative things. We have made mega faculties to reduce the administrative overheads of those. We have done a systematic analysis of our strong, strategic and niche based courses. If our courses were not sustainable we eased out those courses. If there were not proper teaching loads for staff, we could not afford the luxury of those staff.

We have done many of the things that are foreshadowed in the Nelson package because we had to do them to be sustainable. But we are also going with it for strategic reasons: getting out of Curtin's, UWA's and Murdoch's territories. Let us move north to where the growth corridor is; let us move to the south-west where the growth corridor is; let us have this inner city base which links to our creative industries and so on.

We also had efficiency cuts. How do you pay enterprise bargaining salary increases? We have had to have major efficiencies delivered by all of the divisions over the last six years because we have had to pay four per cent or 4.5 per cent salary increases. We feel we have been doing all the right things, which is why I have spoken out about the transitional money, through which other people who have not done some of the things we have done will get rewarded for what I would call less than strategic management.

**Prof. Garnett**—There are also international students and full paying postgraduates.

**Prof. Poole**—For international students and full fee paying postgraduates we have done a lot.

**Senator JOHNSTON**—We will come to that.

**Prof. Poole**—We have innovative programs. For example, one of our innovative programs is to restructure all of the primary teaching to have the options of K to seven or K to 12. We will make compacts with schools in our regions and have a much better clinical basis for the practicum. So we have done a lot that is innovative.

**Senator JOHNSTON**—Have your brother and sister organisations in Western Australia—Curtin, UWA, Murdoch and Notre Dame—had to undertake the tough decision making that you have had to undertake?

**Prof. Poole**—No, not at all.

**Senator JOHNSTON**—Can you offer a reason why it is that ECU has had to undertake these matters, in contrast to those other universities?

**Prof. Poole**—Yes. Firstly, we were the third-poorest funded in the whole system. We had five campuses where we had no critical mass, as I said. We were seen as the Johnny-come-lately. We did not have the financial reserves of UWA, which has a yearly income of $40 million to $50 million a year from its lands and estates—

**Senator JOHNSTON**—From its land and buildings and other investments.

**Prof. Poole**—and buildings. It gets $40 million to $50 million a year for its health professors and so on. It is a very wealthy university and does not need to do any of the things we had to do. Curtin has been very successful in growing its international numbers. It has a discretionary income of about $120 million through international sources.

Murdoch has greater financial pressures, but it tried to be more entrepreneurial, as you heard one of the students say, by putting commercial businesses onto it and so on. So Murdoch and ECU, because they are less rich and not as large, have certainly built up the number of international students from zero to 15 per cent, and that helps us pay our bills. Also, we felt that people did not know where ECU was. It was seen as a disbursed collection of teachers colleges. It needed to rev itself up as a quality university with a very focused mission. People have been working very hard and we have achieved that. So it has been innovative.

**Senator JOHNSTON**—You made a comment about the regional delivery. I am interested that ECU operates the Bunbury campus. Has the way the package has perceived that campus in terms of the overall ECU structure been disadvantageous to you?

**Prof. Poole**—Yes, it has. We have talked to the minister about that and written to him. We have also talked to DEST and Bill Burmester recently. I will give you a little potted quarter-minute history of it. The state government, to win the seat of Bunbury, built a beautiful campus in Bunbury—beautiful buildings and a beautiful campus. The federal government, because it had not been consulted, gave it no EFTSU at all.

**Senator JOHNSTON**—No funding?

**Prof. Poole**—No funding. So ECU has had to put a student load down there for many years. We have always felt that that was an inequity, because it meant that, instead of putting more growth places into Joondalup or Mount Lawley, we had to put them there. Bunbury was really not sustainable. When I came, Murdoch University was trying to take it over and build it up. When it looked into the finances of Edith Cowan University in the south-west, Murdoch realised that it would cost $3 million a year to take over, so it suddenly—

**Senator JOHNSTON**—So they went Rockingham?

**Prof. Poole**—So they went to Rockingham. Minister Vanstone did accept the logic. They wanted it for nothing and I said they could have it for $20 million—the real estate property

value. So the 2.5 per cent does not fund the Bunbury campus properly. We continue to subsidise it. We sold our Broome campus to Notre Dame because we could not sustain our presence there. We were asked by the state and federal government to deliver in Geraldton and we argued that it was not a feasible model. For example, UWA got seven, we got seven and Curtin got six, I think.

**CHAIR**—Do you mean places?

**Prof. Poole**—Yes. We argued it should be a cohort. So is not sustainable. You asked whether we keep staff there. We did at first and we went broke on that model, so we fly people up and we have distance education. It is not cost-effective. Western Australia is a difficult area. It is highly urbanised and it has people in remote areas everywhere. Every community wants a university, because it believes it will be an economic driver. Every community cannot have a university. We have Esperance, Albany, Broome, Geraldton and Busselton, and we now have Midland banging on our door. Because of the rural and regional politics, universities are being forced to do this. Philosophically, I do not believe that this is a proper university education for young Australians. It is not really about access; it is about access to some aspects of a university education. It is not really like having to go to Perth, grow up by yourself and go through all that. It is a difficult one. I was born in Far North Queensland. If there had been a James Cook University there, I would never have left. I had to go to Brisbane and that was the best thing that ever happened to me in my life.

**Senator JOHNSTON**—So what do we need to do to this package to get your situation with the Bunbury campus on an equity basis?

**Prof. Poole**—I think we have to look at where those percentages have been given. I would say a node like Bunbury—not the whole university, but only that node in Bunbury—should have the seven per cent loading. Thirty per cent for that one would be fine because it costs us three times as much to deliver there, but we are not going to get three times as much. But we need to be in that higher bracket for that node. I am not sure how much the Geraldton one, which should never have been started, would have cost us. But it would be only the Bunbury one that we think would be such a major investment in the south-west region.

**Senator JOHNSTON**—And it is a growing region.

**Prof. Poole**—Yes. We have been growing the places there all the time.

**Senator JOHNSTON**—Can you tell the committee about your international initiatives. How does the package sit with your expectations and outlook in terms of the growth in that area? Where are you going and how does the package affect that? What do you want from the package?

**Prof. Poole**—We were very disappointed with the international component that was done entirely without consultation, and we felt that it was almost counter to the philosophy in the Nelson reform package. Here the tertiary education sector has built a $5.4 billion industry without great investment by government, and we felt that it was not a good idea to put cost imposts which would lead to a central fund which, for bureaucratic reasons, would be used for government interference in quality issues. There were probably other aspects that we did not like

about it too. I think we wrote some of them in our report. We were pretty unhappy with the international one.

**Senator JOHNSTON**—It is at page 39, part v.

**Prof. Poole**—One of the AVCC's recommendations states:

> The AVCC urges the Government to work with the AVCC to develop a better package of international initiatives, funded through direct Government support for a major export industry.

That refers to international higher education. We were concerned that this would help us lose our national competitiveness with the UK, Canada and the USA. At the moment there are three chief competitors and we are doing very well as a nation. This seems to be a circuit-breaker for the worse rather than helping us. We were really worried about that.

**Senator JOHNSTON**—Do you have any feedback on why that is?

**Prof. Poole**—Yes. It is because of the fact that this new bureaucracy will be growing. I do not know who it will be under, as Gallagher has deserted the ship and gone to work for Chubb—that is amazing—and Goddard has gone to work for Osborne.

**CHAIR**—There is no-one left in the department who actually knows what is going on.

**Prof. Poole**—There is no-one left in the department to write these things. It is interesting, isn't it?

**CHAIR**—It is. We could talk a lot about that.

**Prof. Poole**—It is in terms of perceptions of what the visa costs will be compared with our major national competitors—those other countries that I mentioned. It is in terms of the fact that universities, under the proposed changes, would have to pay very large imposts. I have not worked them out for Edith Cowan, but I know them for Central Queensland University. They might currently pay about $34,000; they would be paying about $340,000 back to the government. I do not have my DVC of international education here with me, but they would be paying back an impost. Universities are charged more for their success, so it is almost as though the more successful you are the more you have to fund back.

**Prof. Garnett**—It is a disincentive for a very large industry for the nation.

**Senator JOHNSTON**—Do you know why that view has been taken? Have you had any indication of why the brakes are being applied?

**CHAIR**—I think I should run your case here, because I do not think you are doing it very well.

**Senator JOHNSTON**—It is a big industry for Western Australia.

**Prof. Poole**—Actually, Western Australia is not doing as well as the east coast. We are really worried in Western Australia. We are not getting our share. Even though we cooperate and we are innovative in our marketing, Sydney, Melbourne and Brisbane are leaving us for dead.

**CHAIR**—You do not think there are any quality assurance issues that need to be dealt with?

**Prof. Poole**—I do not, actually, not in relation to Sydney, Melbourne and Brisbane.

**CHAIR**—I mean for the system.

**Prof. Poole**—For the system, for international education, yes. We have even closed down some of our programs. We have had a pretty stringent system.

**CHAIR**—You are aware that the governments of India, Malaysia and China have complained directly to the Australian government about the quality assurance problems of our universities operating in those countries?

**Prof. Poole**—Yes. We are not in that model, but the programs that we run jointly—

**Prof. Garnett**—The disincentives apply a lot to international students coming onshore.

**CHAIR**—But they are the same problems of recruitment, course qualification and marking. The problem of misrepresentation as to the nature of the programs being undertaken has clearly been identified. There are problems with the quality of the programs being offered in this country. You do not think any of those issues should concern the vice-chancellors committee?

**Prof. Poole**—They are all issues that each university tackles. We have used OECD quality assurance for international education for the last four years. We have closed down a couple of programs where we felt the quality was not there. We review it yearly. We have looked at issues such as whether to offer bilingual ones or whether simultaneous translation is as good as other options. We agonise over these issues. Universities have academic boards. Academics argue about academic issues and try to preserve the academic integrity of what they do.

**CHAIR**—But it is the government's responsibility to guarantee quality.

**Prof. Poole**—I do not think that just setting up another major bureaucracy is going to ensure quality.

**CHAIR**—Sorry to interrupt, Senator Johnston; I just thought I might help you out a bit there. There is a bipartisan view on this issue.

**Prof. Poole**—Is there?

**CHAIR**—There might be.

**Senator JOHNSTON**—That is a surprise, isn't it?

**CHAIR**—This is a very important issue.

**Prof. Poole**—It is.

**CHAIR**—We are talking here about probably our third largest export industry, a services industry, and it is at grave risk from crooks and shysters. Unfortunately they have got into the universities. That is why we voted for these measures, because this is a very serious problem.

**Prof. Poole**—Isn't that a bit of a sweeping statement? How would we have built up a $5.4 billion industry if we were not doing some things well? Why would they buy an Australian degree?

**Senator JOHNSTON**—That is a good question.

**CHAIR**—They buy an Australian degree, presumably, because they think they can get some value out of it.

**Prof. Poole**—Exactly.

**CHAIR**—The problem remains that if it is undermined by people entering partnership arrangements and franchise agreements which undermine the quality of all Australian degrees then something has to done about it.

**Prof. Poole**—But most Australian universities have a similar pattern. You could talk about how we assess things, how we do all the examinations and such things here—

**Prof. Garnett**—We have all sorts of quality assurance controls in place. They are not perfect, and the offshore industry is a new industry, but we are certainly very aware of the issues and we are working hard to make sure that we do not damage our reputation.

**CHAIR**—And you have 50 per cent document fraud in New Delhi. You do not think there is a serious issue?

**Prof. Poole**—We only have a very tiny operation in India that we very closely monitor—and we bring them over here.

**CHAIR**—But Australian does.

**Prof. Poole**—All countries have issues, such as new technology plagiarism. Plus this is a cultural thing. One of the things that surprised me was the different cultural attitudes to plagiarism. If you were a European, you could imagine that people reading Foucault or Derrida or something like that would know that those ideas were not Carr's but Foucault's or Derrida's. Some Chinese cultures believe that you regurgitate the words and assume that you know they are from those original sources. There is some cultural complexity in this issue. I take your general point. We need a quality system, there is no doubt about that, but we do not need more bureaucracy.

**Senator NETTLE**—I want to give you an opportunity to talk about the industrial relations component of the package, which we have not done very much today. I am wondering whether you can comment on what impact the government requirements in the media release last week have had on your relationships with the staff at ECU.

**Prof. Garnett**—It is a little too early to tell. We are in the middle of enterprise bargaining negotiations at the moment. My perception of the union's position is that there are a couple of 'die in a ditch' issues for them. One is AWAs and the other one, potentially, is the size of the quantum, I guess. We are going to be a little frustrated because we are not going to know the outcome of this for a little while, I guess. We do not think the reforms are going to provide us any more flexibility than we currently have—and we do not think either side of politics recognises the extent to which employment conditions have changed in universities. We pay people loadings, performance bonuses and all sorts of things. We have a series of different contractual arrangements—there are about eight different ways in which people can be offered fixed term contracts. So we do not know what this package is going to add—other than cause us some difficulty with some of our constituents.

**Senator NETTLE**—I agree with your comments. The Greens have a concern, which I will put to you, in terms of whether there is anything in the workplace relations requirements that provides any opportunity to increase quality educational outcomes and teaching outcomes at the university. Do you believe there is anything there that goes to that issue?

**Prof. Garnett**—Not that I am aware of. As I have already mentioned, I think we have the capacity to reward people according to how we think they are performing. In terms of attracting top quality people, you have to pay them more money—and we do that anyway.

**Senator NETTLE**—All right. I will leave that issue there. To go back to something that you said in your opening statement, Professor Poole, in relation to the time you have been at ECU and the tightening of budgets that has occurred in that time, how do you think this package is going to impact on the need for you to tighten your budget at ECU?

**Prof. Poole**—I do not think we can tighten it any more. We have undertaken 6½ years of major reform and restructuring. We are looking forward to a period of growth and opportunity both internationally and hopefully through some growth places to Western Australia and into areas of national need. We got the third highest distribution of nursing places recently—they are to our Bunbury campus, which is good. So we think the package offers opportunities for charting our future and saying where we want to go and where we want to grow. We have been doing that and working towards that for 6½ years. But we need the indexation for salaries.

**Senator NETTLE**—In terms of your statement that you do not know that you can tighten your budget further than you have, given the pressures of this budget particularly in relation to the control over your overenrolments and the courses you offer, where does ECU sit in terms of the arguments that have been put to the committee about the potential stratification that this package will provide in the university sector? Where does that situation—feeling that you are not able to tighten your budget—put ECU on that spectrum as a result of this package?

**Prof. Poole**—In this package, which is only part of the total package—I am on one of the Nelson task forces looking at collaboration at universities—there has been a major elephant or a

major gorilla in the room that we really have not looked at, which is the research. The argument that you are putting forth may well come out of the research task forces and things. In terms of what is in the current package, as I read it, universities can be mission driven and will be funded for their particular mission and the system will lead to greater diversity, equity, equality and sustainability. I might not be reading it correctly, but if there is funding put in to do that I think that would be quite an achievement.

Two things that worry me about stratification in the system are quite clearly where the research dollars go and, if the research and teaching scholarship nexus is broken—as someone asked an earlier witness—whether we have teaching-only universities. Teaching-only places are not universities. I personally feel that too much of the debate has been swayed by the research agenda rather than the teaching and learning scholarship and undergraduate needs of the nation. We should be looking at the undergraduate needs of the nation and postgraduate training in terms of a whole range of issues—not just the research model of training but also the professional masters and professional doctors coming back.

We should be thinking about where on the whole developmental spectrum universities lie in terms of commercialisation. We should be three-quarters up one end with commercial developments and so on. At the moment I feel we might be straying too much in terms of the science dollar, the technology lobbies, the medical technology and lobbies such that those are stratifying the system in terms of whether or not you have a medical school and whether you have research intensive faculties which require a very heavy research infrastructure, because you are getting double dipping. You are getting money for those very expensive pieces of equipment and, in terms of the proposed model of the school research infrastructure, you are then winning back more competitively. At Edith Cowan University, if you gave me a medical school, heavy engineering, vet or agriculture, I could catch up to UWA in 10 years. If you gave Murdoch or Curtin that, they could. It is because of the nature of that.

I am worried that the differentiation will come through the research, infrastructure and fee deregulation, because people in Western Australia will go to UWA because of history, prestige and wealth. In Queensland they will go to the University of Queensland even though Griffith and QUT are very good. The University of Queensland will be able to charge more than QUT or Griffith. They will be able to charge more at UWA than Edith Cowan can charge. Even though Alan says they will not be charging, they will also be pressured towards charging. I worry about that aspect of stratification very much, so I have said that publicly in many forums.

**Dr King**—I want to touch on one point specific to Edith Cowan University. Part of our dilemma is that we are currently funded at a per EFTSU rate on a relative funding model variant that goes back to about 1990. One advantage of the current package is that it categorises some 12 categories and assigns funding to them. We calculate roughly that, according to our current profile, if we compare ourselves to institutions with similar profiles, we are about $5 million to $6 million underfunded. So that has added to the budget pressures. It is partly because of our shift in profile. We have had significant shifts into computer science, multimedia, nursing et cetera, so we are stuck in a sort of time warp. One of the advantages, one of the funding benefits of the package, is that we now would be funded according to a contemporary mix, not the mix we had in 1990 which was used as a basis for one-size-fits-all funding then. Professor Garnett may wish to comment on that.

**Prof. Garnett**—Even then there was a three per cent band and we were put at the bottom of that band, so we have been disadvantaged for a long time.

**Senator NETTLE**—You have raised concerns that stratification within the sector will come through the research proposal. Is that right?

**Prof. Poole**—There is a danger that it could. There is a danger that it could come through the historical wealth and reputation of institutions. The University of Melbourne and the University of Sydney have already said they will charge 30 per cent top-up fees, and they can do that because they have had public investment in their universities for 150 years, whereas I have had public investment in ECU for only 10 years.

**Senator NETTLE**—What you are saying about the stratification and the capacity of the Group of Eight universities to charge high fees seems to relate to the teaching and learning component we are talking about in this package.

**Prof. Poole**—That is right.

**Senator NETTLE**—So we are seeing a potential for stratification in terms of capacity to charge fees within this package. You also said you are concerned about stratification within the research package. You have already described ECU as being in the bottom band in the previous funding model. If with both these packages we are heading towards a far greater stratification of the university sector, the message for ECU does not sound positive. I need to ask you about the concerns you raised in your opening statement about funding and the tightening of budgets that you have had to do in the last 6½ years. If you cannot tighten the budget any further and if you are seeing stratification in both teaching and learning and in research, what are you doing jumping on the bandwagon if that is the impact for ECU?

**Prof. Poole**—I half jumped on the bandwagon and half said there are things I do not like. The AVCC and ECU are supporting the minister's package because it is the only real money we have had on the table in quite a long time and the sector desperately needs an injection of funding. This package does not contain all the things we would like and it contains some things we do not like—but we think it is better than nothing.

**Prof. Garnett**—There is $6 million to $8 million on the table with the recognition of our profile and then, potentially, if the correct number of places come to Western Australia, there is another $4 million over two to three years—and that has to be better than nothing.

**Senator CROSSIN**—And if you do not get your share of those?

**Prof. Garnett**—If we do not get our share of those, it says something unfortunate about our political processes, I think.

**Senator NETTLE**—You say that it is better than nothing. Does it catch you up to where you were before the Vanstone funding cuts in 1996?

**Prof. Poole**—We would have to go back and look at that. The thing that has impacted on the system has been the lack of indexation and the fact that enterprise bargaining to pay salaries has

meant there have had to be efficiencies in everything. At the same time, we have had different curves. We have had growth in student numbers and class size, decreases in funding and pressures to do other things, such as establish a regional campus or market overseas.

I see that the sector will be under pressure for some time but, at the moment, I would rather have that $10 million to build a base for the future. Let's face it, the University of Melbourne, the University of Sydney University and UWA are in privileged and stratified positions now. At ECU we have been able to look at least as respectable as Murdoch and Curtin in the West Australian sector through taking a fairly innovative approach.

**Senator NETTLE**—Do you think that vice-chancellors through the AVCC have jumped on board with this package too soon—we have talked about the limitations of it—without trying to address the concerns that you have raised today with this committee?

**Prof. Poole**—I think that vice-chancellors were happy to have an ongoing dialogue and to work through issues. They believed that if there still were issues when the bill came out, there would be an opportunity for discussion, and that opportunity has been there because the AVCC and the board of directors are there all the time talking to the minister on issues. We will have to wait and see what happens in the Senate, won't we?

**CHAIR**—What amendments do you expect to come out of those direct discussions?

**Prof. Poole**—I think a few have come out already, as you have mentioned.

**CHAIR**—There are no amendments to the bill. None of those things that have been indicated have been funded. Where do I find any of those provisions in the bill?

**Prof. Poole**—Point taken. The thing we raised was that a lot of this is dependent on guidelines, and we do not know what is in some of those guidelines yet. We always thought the sting would be in the detail. I take your point that we are making a bit of a leap of faith, but at least we have had a philosophy, a basis, a direction and an amount of money put on the table which is more than we have ever had before. If the vice-chancellors acted too early, I think it was because we felt that we wanted to change our mode of operation in the way we had been dealing with Kemp and with Vanstone. With the Kemp, it was cold and distant; with Vanstone it was confrontational. Nelson has been willing to work with us and to listen to us. He has been willing to argue for money for us. We did not feel the other ministers did that. We put forward our package and hoped that there would be close similarities.

Some of our package got taken up, some of it did not. But this is a political process, so I guess there is a degree of political pragmatism that the vice-chancellors felt they had to exercise. Philosophically, I thought that some of the students raised good points about what a university is for and where universities are being pushed. Personally, I am anti corporatisation of universities. I believe universities are not-for-profit organisations that have a mission for teaching, learning and research and not necessarily for being run like businesses. But that is a different philosophical argument; it is not even on the radar yet. We are thought of as a commodity. You mentioned the purchaser-provider model. The modification of higher education has happened. I am not going to change the world. In the world, as imperfect as it is, I have to try and do the best that I can for ECU, and the only $8 million to $10 million that I see for ECU on the table at the

moment is from Minister Nelson's reform package—imperfect though it is. But I believe that part of the imperfection is through a greater number of players, naturally, in the political process.

**Senator CROSSIN**—As part of that package of $8 million to $10 million, does that include the money you will get if in fact you agree to the industrial relations reforms and the government's requirements?

**Prof. Garnett**—No, not the 2.5 per cent—that would be additional.

**Prof. Poole**—No, it does not include that.

**Senator CROSSIN**—What amount is that? Have you done some costings on that?

**Prof. Garnett**—Yes, on the back of an envelope only. The 2.5 per cent is, in my view, inadequate as well because, again, it is a step towards indexation.

**CHAIR**—The government's figures do not put you that high and they assume the IR compliance. In fact, the government's figures will make the difference between whether you are a winner or a loser out of this package in terms of IR. Can you meet the IR requirements?

**Prof. Garnett**—What do you mean? Do you mean in terms of the AWAs et cetera? We are in the middle of negotiations.

**CHAIR**—No. The ministerial press release sets down 15 items. Will you meet them?

**Prof. Garnett**—I do not know.

**Prof. Poole**—You need to understand that under Minister Kemp, we have been having to meet 12 or 13 of these for the last three years.

**CHAIR**—These are way past that, Vice-Chancellor.

**Prof. Poole**—I know that.

**Senator CROSSIN**—These are very prescriptive requirements as opposed to the workplace reform program.

**Prof. Poole**—They were very prescriptive too, and we would rather not have that, but it is part of the increasing accountability and scrutiny.

**CHAIR**—Senator Crossin was asking a question that went to the effect of those particular packages on your bottom line. The government's modelling for the Commonwealth Grants Scheme is conditional on you meeting two factors: governance and IR. Can you meet them?

**Prof. Poole**—As Pat said, we have to do that through EB. The NTEU is already talking about national strikes across the system. We do a lot of these things already, as Pat said. With regard to

this big stick approach, the unions will certainly make it difficult if not impossible but they have said that they will not.

**Senator CROSSIN**—It is 2.5 per cent in the first year increasing to 7.5 per cent in the second year.

**Prof. Poole**—That is right.

**Senator CROSSIN**—What amount of money is that for you if you do comply at the end of the day? What additional money is it?

**Prof. Garnett**—It is not 2.5 per cent of our total; it is only 2.5 per cent of the Commonwealth contribution. I did this back-of-the-envelope calculation the other day. Is it $1 million a year rising to $3 million or $4 million? I would have to work it out. I cannot tell you off the top of my head.

**Senator CROSSIN**—So about $1 million a year, maybe moving to $3 million or $4 million.

**Prof. Poole**—It pays the salary rises, which is what we desperately need. As I said, schools are getting 5.6; we are getting 2.4 or 2.5.

**CHAIR**—But 66 per cent of your funding is spent on salaries, isn't it?

**Senator CROSSIN**—Do you honestly believe the union is going to agree to all those requirements in order to get a salary increase?

**Prof. Poole**—No.

**CHAIR**—Sixty-four per cent of your funding is for salaries, isn't it? That is the figure at the moment—64 per cent.

**Prof. Garnett**—That sounds about right. It depends what you count in that—whether you are talking about research, capital and all those sorts of things.

**CHAIR**—We are relying on the department's figures yet again, which, I agree, is a dubious proposition, but they are the only ones we have. If 64 per cent of your budget is tied up in salaries and you cannot meet the requirements, what does that do to the modelling?

**Prof. Poole**—We are in deep trouble, which is what you want us to say.

**CHAIR**—I am asking you. You are the ones who know about this system. We are just observers.

**Prof. Garnett**—We are saying that it is very difficult because the only way we paid salary rises in the past few years was by making cuts to things which are relatively less profitable, by being more efficient in the way we operate and, primarily, by generating fee-paying income. That generates extra funds but it also generates extra workloads.

**CHAIR**—And expenses.

**Prof. Garnett**—If you have looked at the student-staff ratios, which I am sure you have done, you will have seen the effect that that has had on the system over the last decade.

**Senator CROSSIN**—You made a comment in your opening remarks that you liked the improved access for Indigenous Australians. Given that there are 1,500 scholarships nationwide for all the equity groups—not just for Indigenous people—and given that there is only five postgraduate scholarships, do you believe it is going to be adequate?

**Prof. Poole**—No. At the AVCC we have said more money needs to be put into that equity aspect and it has to be monitored. But I think there is a genuine commitment from the minister in Indigenous areas. He may well listen to that.

**Senator CROSSIN**—If you are trying to spread 1,500 scholarships across women, students with disabilities, students from low socioeconomic backgrounds, students from rural areas and Indigenous students, at the end of the day how adequate do you think it is going to be for Indigenous students to get access to higher education?

**Prof. Poole**—I cannot answer nationally but I know that we have certainly been doing a lot in Western Australia and at ECU. We have the highest proportion of Indigenous students, I think, of any Australian university. I think we have 700. We have our Broome campus and we have various outreach programs. I give a vice-chancellor scholarship every year to an Indigenous student and they have been brilliant Indigenous students. We feel that the fact that there will be some federally funded scholarships is better than what we have had before.

I take your point; there should be more for access and equity. But the state government here is committed to Indigenous issues. Lance Twomey, who is the Vice-Chancellor of Curtin University, chairs the AVCC's Indigenous students working party. As a group of Western Australia vice-chancellors, we certainly meet with the Indigenous groups in Western Australia. The feedback we get is that, at least on the surface, it looks more positive than anything before.

**Senator CROSSIN**—Can you tell me if there are plans in regard to Indigenous support funding? There was mention made by the department of education about the Indigenous Support Fund now being linked in some way to CPI increases. My understanding was that Indigenous support funding was paid on a per capita basis based on the number of students that you have. Is there any proposal to increase that?

**Prof. Poole**—If I had my PVC (Equity and Indigenous) here, he could answer that detail. I do not know that level of detail.

**Senator CROSSIN**—Would you be able to take that on notice for us and find out what your level of Indigenous support funding is and whether you believed there is a planned increase under this package?

**Prof. Poole**—Certainly.

**CHAIR**—Thank you very much for assisting the subcommittee today.

**Proceedings suspended from 12.40 p.m. to 1.39 p.m.**

**CASSIDY, Ms Isobel, Education Vice President, Curtin Student Guild**

**HEALY, Mr Terrence, President, Curtin Student Guild**

**MILLS, Ms Kate, Project and Research Officer, Curtin Student Guild**

**BYERS, Ms Susan Jane, Education Council President, University of Western Australia Student Guild**

**ROBINSON, Miss Myra, President, University of Western Australia Student Guild**

**CHAIR**—I welcome representatives from the University of Western Australia Student Guild and the Curtin University Student Guild. The committee has before it submissions Nos 331 and 314. Are there any changes that you would like to make to either of these submissions?

**Mr Healy**—I may have some add-on information later on.

**CHAIR**—If you want to make a supplementary submission, we will be delighted to receive it. The committee prefers all evidence to be given in public, although the committee will also consider any requests 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. Would you please make a brief opening statement.

**Mr Healy**—Thank you very much everyone. From the beginning of this process, with the $1 million Crossroads review, students were cautious as to the agenda of the government. We engaged in the process as much as we could, despite government attempts to exclude a student voice. No-one can deny that our universities in Australia are in crisis. Only two years ago representatives from our organisation sat in this very room talking to a Senate inquiry about the higher education crisis. We are here again talking about the crisis once more, but this time in perhaps more tragic and dire circumstances. The minister has had the opportunity to address the real issues facing our universities; instead he has used and wasted this opportunity to put his ideologically driven agenda. Since our submission, the progressive unveiling of the package and actions on the Curtin campus, concerns are growing regarding the lifting of the 30 per cent HECS increases, caps and governance. As stated in our submission, our guild is concerned about, amongst other things, the 30 per cent HECS increases, deregulations, repayment thresholds and VSU.

I will speak about the 30 per cent HECS increases specifically before handing over to my colleagues. There is great individual versus community benefit for the HECS increases. The reforms will increase personal debt. At the moment there is over $9 billion of student debt. Looking at it very simply, fee increases additional to what already exist will flow on to increase debt for students and add it onto the national student debt of HECS. We will be moving away from a merit selection situation towards one based on financial ability; there will be fewer students from lower socioeconomic areas accessing universities and there will be lowering of TER scores. For those students who cannot afford to go into law or do medicine or other courses with higher TER scores, they will go for lower scoring courses. The students who did not

perform as well in high school or in stat tests et cetera but have the financial capital will actually be able to access higher scoring courses. We do not see that as equitable at all.

We found that if UWA raises their fees to maintain their prestige then Curtin will be forced to do the same to ensure that their courses are considered high quality. If Curtin does not raise their fees, UWA are concerned that this will price them out of the market if they raise theirs. Curtin University is not taking a very strong position against the proposed reforms. Our Vice-Chancellor, Lance Twomey, has put forward a position saying that he is against full fee places but will not take a stand on it. He is not pushing it at all. Our vice-chancellor is avoiding the topic at the moment and we do not find that very acceptable at all.

Deregulation will open students to exploitation and hardship as the costs of a degree increases. Scholarships have been mentioned as a way to try and subsidise or assist students who cannot make it. The proportion of scholarships will be small and totally inadequate. In the scheme of things, the few scholarships will not address the barriers the majority of students will face and they are not an adequate alternative to the proposed reforms.

As student guilds, we do not see anything in this package that specifically addresses the sector's current problems of access, equity and quality. The problems will continue as they are not being addressed, and the same problems will exist but there will be higher fees for students across the country. The fee increases will not increase student choice, they will not improve education quality or delivery and they are definitely not in the long term best interests of the country. Fee deregulation, even in a modified way, is not appropriate in higher education. We are not industry; we are not the commercial sector. Fee deregulation does not fit in universities; students are charged increasing amounts for basic bachelor qualifications. We do not see that as acceptable.

To sum up my introduction: the universities will charge the maximum amount they can. There is no doubt there will be no university that will charge zero dollars. Each uni will charge the maximum it can to obtain more funding. There is no university in Australia that is funded to its satisfaction; universities always want more money. To believe they are going to charge zero dollars is a misconception. It is a very dangerous assumption and students will be the ones who pay for it—literally.

**Ms Byers**—Firstly, I want to endorse everything that Terry said on behalf of Curtin. One of the main concerns that UWA have with the package is income support for students, or the lack thereof. Student poverty is a very real issue for students on our campus at UWA. Although Backing Australia's Future had an entire section on a renewed focus on equity, it failed to address this issue in any way. With youth allowance being so far below the poverty line, a few scholarships to the lucky students who receive them, which count as income for youth allowance purposes which will lead to their benefits being cut anyway, are not going to solve the problem of students having to work exorbitant hours to pay the rent while they are studying. You can see in the figures that the number of hours worked by students has increased threefold since 1984. We have had cases coming through our guild of students working all night and then coming into classes and falling asleep. It often comes down to the choice between sacrificing their education so that they can work to pay the rent or sacrificing meals so that they can come to their classes. We have had cases before the guild where students have been moving barrels of dangerous chemicals in factories with little training just in order to get enough money to get by.

We think that, while the scholarships are in some respects a positive move, there needs to be a full inquiry into student poverty and issues of student support while they are studying at university. In terms of other sections of the paper, governance is another issue for UWA in terms of the reforms to the university governing bodies. Our university senate has 21 members. We do not believe that this is in any way inefficient or unwieldy. We have three student representatives on this body Throughout the time the student guild has been involved in the university, which is since the creation of the university, we have managed to have a very positive relationship with the university. It is only by having representation from students at every level of the university that you can ensure that the main stakeholders of the university, the students and the staff, can have their say in terms of how the university is run and the educational experience they get. Every decision that the university makes from academic to resourcing decisions affect all the students on campus.

We have been able to negotiate some positive outcomes by being represented in such forums and the charter of student rights has been endorsed by the guild and the university. We have created the ancillary fees and charges regulating committee in response to some problems that, I believe, came up at the last Senate inquiry regarding illegal fees on the UWA campus. Given the situation whereby the new amenities and services fee system means that the amenities and services fee is set by the senate, and given that students are the ones who are paying the fee, it is absolutely vital that there are students there to have their say as to what the level of the fee should be and how it should be distributed amongst the guild and the sports body.

We have also found that there are some issues involving international students. The section regarding AUQA extending their audits to overseas campus is welcomed by international students in that there is often a problem in perception of quality between onshore and offshore campuses. The quality of education that students are receiving on offshore campuses is not necessarily always the same as what they receive on onshore campuses. We believe that any audits conducted in universities should include an inquiry into the level of representation and student rights that students have at offshore campuses because obviously it is difficult for the guild to extend its services to offshore campuses. That is something that AUQA should look into.

In terms of other international students issues, while the international students welcome having scholarships for overseas students to come to Australia, again, scholarships are not good enough. Every international student who comes here should be treated with the same rights and have the same rights to the quality education that domestic students receive. Unfortunately, the level of services they receive is not always as good as it could be. At UWA we have one international student adviser, who has one assistant, and there are 2,757 international students at UWA, who are all expected to be making appointments with this one person. While the international students advisor is doing a good job, it is impossible for that person to service so many students. Given the level of fees that international students pay and the issues that affects them—particularly those that to do not necessarily affect domestic students in terms of problems with their visas, tenancy agreements and legal advice for students who do not necessarily have English as their first language—it is important that the fees that they are paying demonstrably go into services that are going to improve the quality of education that they get in Australia while they are here.

Regarding full fees, which Terry also touched on, our university has always rejected the principle of full fees on the grounds of equity and quality. What we do not want to see is a

situation where the universities are in such a crisis and funding is so tight that they are forced to go down that path because they do not have any other choice; they do not have any other way that to get the funding.

As the only sandstone university in Western Australia, UWA obviously has an advantage over the other universities in terms of perception of the quality of education—not necessarily actual quality but perception of quality—which means that they will obviously be able to raise their fees higher than the other universities. So students at university there are going to be paying higher fees than students at other universities, which is unfortunate, especially in Western Australia, where the particular situation here is that we only have four universities and we are so far away from the other states that students do not necessarily have the option of moving interstate to study. When there is only one medical school in the state, one dental school and one vet school, there is no market competition. There is no possibility of competing schools keeping each other's prices down, because students only have one choice—if they want to study medicine, they have to come to UWA—which is a huge concern for us in terms of VSU.

Obviously, being a Western Australian campus we have experienced the devastating effects of VSU. We would not wish that on any campus. On a national level it is going to have ramifications in terms of representation nationally, because under VSU Western Australian campuses had the level of affiliation fees to our national body, the National Union of Students, reduced. Obviously, under federal VSU all the campuses would have to have their affiliation fees reduced, which would significantly reduce the ability of the NUS to perform its representative function for all the students in Australia, which is what it is supposed to do.

Time limits are another big concern of ours. At UWA in 2002 about 25 per cent of the students who completed their degree at UWA went on to do further study. It can be up to 45 per cent in courses such as arts, obviously. At 17 years of age, it is not surprising that a student is not quite sure what they want to do for the rest of their lives and so they enrol in something that they are interested in such as arts or a generic science degree and, once they have completed that, they want to go on and do a vocational degree. We do not see how that is going to be possible under the proposed legislation, and we think that locking students into a choice about their career path at 17 is going to be detrimental firstly to their education and secondly to their life after they leave university. I think that is all I have to say at this stage.

**CHAIR**—Thank you. The question of the purpose of this legislation is one that we have tried to canvass. I am wondering about your point of view looking at the student identifier, which is the process by which the government will be required to run a monitoring or tracking arrangement for students, to keep progress scores, to keep changes of courses and changes of institutions and of course your histories. To what extent do you think that these arrangements might be putting in place the infrastructure for vouchers?

**Ms Mills**—The HEIMS is something that our university has discussed. It is $20 million. With the university system in crisis, that is $20 million that is pretty much wasted and going down the drain. Looking at the current package, we are concerned about what the government agenda is. Like 30 per cent HECS, like this tracking system, we see it as the thin end of the wedge. Thirty per cent HECS is going to be 40 per cent and then 50 per cent. The tracking system will in the future be used to introduce some sort of voucher system. So we are definitely concerned that this

package as it stands is not all that we are going to see in the future of higher education; we are going to see things get a whole lot worse.

**CHAIR**—Similarly, the movement away from a system of funding which actually leads to support for institutions, which is the current Higher Education Funding Act, to a thing called a funding support act—which is what is being proposed—is a shift to, essentially, a provider-purchaser model. To what extent do you think that that leaves open the door for privatisation?

**Ms Robinson**—It really does leave the door open for privatisation.

**Ms Cassidy**—I think it is pretty obvious that it does leave the door open for privatisation. Our university at this moment does operate in quite a deregulated way. Twenty-nine per cent of our income comes from international students. I think definitely, in the future, if this does go ahead it will lead to privatisation.

**CHAIR**—You have had a look at the package now. You have read the documents. I take it you have had a look at the bill. Where do you think the system is going to be in 10 years if this package is accepted by the parliament?

**Ms Cassidy**—It is going to move towards a user-pays system and it will be how much money you have got in the bank and not how many marks you have got. It will not be based on merit. We are very concerned that it is heading in that direction and that in 10 years time it will not matter how many marks you get or how intelligent you are—if you do not have the money, you will not get into university. It will be a very tiered situation. I think in this state at the moment there are four public universities. UWA is kind of the top shelf, and certain degrees are top-shelf or bottom-shelf degrees. For instance, humanities, unfortunately, is a bottom-shelf degree because it does not get you a job. I think we are moving towards being more glorified TAFEs. That is where the guild and I see it as being in 10 years time.

**Ms Robinson**—I also see a lot of research being driven by vocational need, government priorities and corporate need rather than a system where research is driven by what academics are wanting to research. As Isobel said, with the humanities and things like pure economics and pure maths, there is very little industry need for them, so the research priorities are shifting towards what industry needs. I think undergraduate degrees will go that way as well.

**CHAIR**—Page 6 of the UWA Student Guild submission tells us:

> Currently some universities allow domestic full fee paying students to enter with TER marks 20 points below their minimum standard.

That is an extremely serious allegation. We have heard overwhelming evidence in other places that five points lower tends to be not uncommon. This is the first time I have ever come across 20 points lower. What is the evidence for that?

**Ms Byers**—I believe that is based on some research that we had from the National Union of Students, which I would be happy to forward to you.

**CHAIR**—Could you?

**Ms Byers**—I do not have it on me here, but I would be happy to forward it to you so you can have a look at it. There is an issue of quality, and that is one of the reasons that UWA has always refused to introduce domestic up-front fee paying students even when they have had the opportunity. While obviously the system of ranking of students after high school is not perfect, given the disparity in resources between public and private high schools and that kind of thing, it is the best system that we have for determining who should be able to go to university in a system where places are limited. UWA has always refused on principle to allow students to enter the university who do not have as good marks as other students who deserve a place.

**Ms Cassidy**—We actually have an example. I mentioned before that Curtin does have a little bit of deregulation in regards to international students. We also have it in regards to local students. We have a partnership with an organisation that is run through Malaysia. A Malaysian consortium owns the Australian Institute for University Studies at Joondalup, and quite a few Curtin courses, especially commerce courses, are taught through there. To get into diploma courses there the entrance score is a 58, compared to 83 for the Bentley campus. Basically it is going through the back door through Joondalup. This is actually in our submission. You can get in with a TER of 58 and do a few units at Joondalup and then, if you want to transfer to Bentley, it is fairly easy. So then you are a 58 TER student in a class with someone who has got an 83 TER. You get RPL—recognition for prior learning—from those units and then directly come into the course at the same level as someone who had an 83 TER.

**CHAIR**—This is on page 11?

**Ms Cassidy**—Yes. We can give you further information.

**CHAIR**—I would appreciate that. That is quite a startling proposition—a gap of that size. I have not come across it as large as that before.

**Ms Cassidy**—There is a relatively large, and increasing, amount of alternative pathways into Curtin University.

**CHAIR**—Yes, I understand the alternative models, but that does seem to me to imply a serious drop in standards.

**Ms Cassidy**—Yes. That is a great concern to us.

**Ms Mills**—These courses are actually full up-front fee places but, because they are not through Curtin University, I guess it is not done through the domestic up-front legislation. It is this additional consortium, yet Curtin moderates the program and academics teach these programs. If you look at the propaganda that AIUS put out it is: this is a Curtin University run thing.

**CHAIR**—Could you send me some more material on that?

**Ms Mills**—Sure.

**Senator JOHNSTON**—Looking at appendix 1 of the Curtin Student Guild submission, I note that the VSU experience was a very troubled one financially for virtually all of the guild student

organisations. Why was that? What is the underlying reason for the difficulties for Edith Cowan, the Curtin guild itself, UWA and Murdoch?

**Ms Byers**—Basically, it is not a question of the financial management of the guilds themselves. The services that the guilds provide are non-exclusive a lot of the time—the representation and welfare services are not offered to students based on guild membership; they are offered to all students. When you are running campaigns against higher fees you do not run them only for the proportion of students who choose to join the guild. So what you have is a situation where the guild is expected to support and provide services to 100 per cent of the students whereas, obviously, not all of the students are going to choose to join the guild, because they have to pay their guild membership to do so. So they are making use of the services that the guild provides without contributing financially to the guild.

Obviously, now that the guild has to fight for membership of the students it has to market itself, and so a lot of the money that had formerly been going directly into services to students and welfare activities is now going into self-promotion. Unfortunately, after all of those things had been taken out I think the UWA guild was left with about $6.13 for each student to provide all of the services that the guild was expected to provide students such as all of the things that we have discussed previously, like welfare and activities.

**Mr Healy**—I can give you an example. I cannot speak for UWA's equivalents, but at the Curtin Student Guild we have Student Assist, which is a sort of welfare and advocacy service. It employs paid professional staff—social workers—who have an ongoing salary of $35,000 to $40,000 each plus resources. They are for the students who come in who need someone to talk to. It is similar to counselling, but they also offer help with grievance policies, Centrelink, welfare and all those sorts of things. We only get funding for that area from student membership funds. If a student comes in you cannot say, 'Thanks for that, that is $20,' and bill them for it. It is a service that it is provided to all students; everyone has access to it. Without that funding, Curtin dropped their staff from seven at one point down to two. The range of services that was provided shrank so much; we are still trying to build that up now.

**Ms Mills**—It is interesting to note that whilst under the previous model not every student was contributing under this new model only 33 students at Curtin have opted out of guild membership. That sends a loud signal that students are going to contribute to the guild services, because these services are essential.

**Senator JOHNSTON**—I accept what you say about the services; they are in demand and they would indicate that the guilds are doing a good job for students. Yet, firstly, the guilds continued to provide the services to non-members and, secondly, notwithstanding the fact that the services were all apparently good services, people did not join up. Have we done any research as to why that is?

**Mr Healy**—My first point is that it is paramount that all guild represent all students, whether they are members or not. Even at Curtin at the moment we have some students that sort of fall through the cracks; they are not members. But every single student, no matter what, on every campus at every university, is represented by their relevant student guild. That is the important thing to remember when you are talking about guilds. In terms of researching the different types of services that are used, if you take Student Assist as an example, the full-time staff there are

overworked. Students come in to talk to them, and as an organisation, working with the university, we have had to look at getting more staff on.

We have done research this year—we did a survey of how much time is taken up by student consultation and student contact by those officers along; they have been run off their feet and we are going to be needing more staff to support that for next year, as more students become aware of the services again. I guess in previous years a lot of non-members came and used the services but our ability to promote the guild and to let all students know what they could actually come in and talk about was limited. This year, with access to email and different facilities for communication, more students and more members are knowing about the services, coming and using them and telling their friends. Basically, it is a big network and all the students know more about it.

**Senator CROSSIN**—So 33 have opted out out of how many?

**Ms Mills**—There are 30,000 students at Curtin.

**Senator CROSSIN**—So you have only 33 who are not in, compared to 30,000 who are?

**Ms Mills**—Yes.

**Senator JOHNSTON**—Tell us about the system. How do you go about opting out at Curtin University?

**Ms Cassidy**—You can elect not to be a guild member just by approaching either the guild or the university.

**Senator JOHNSTON**—What does that involve—a letter?

**Ms Cassidy**—No, there is just a form that you sign.

**Ms Mills**—There are two things: you can opt out at enrolment or, at any time you wish, you can resign your membership of the guild.

**Senator JOHNSTON**—What are the guild fees at Curtin University at the moment?

**Ms Cassidy**—There is no guild fee. There is an amenities and services fee, which is charged by the university. At the moment, it is $100 for full-time students and $65 for part-time students. That is for Bentley campus. We also have about seven satellite campuses around the state currently and they have different fees.

**Senator JOHNSTON**—What was the fee prior to VSU? Do you recall what those fees were then?

**Ms Mills**—Back in 1996?

**Senator JOHNSTON**—Yes, in 1996-97.

**Ms Byers**—The maximum it has been at UWA, I believe—and I would have to check this out—is $140. It was reduced quite significantly under VSU. Now the amenities and services fee is $110. A certain amount of that goes to the university for administration of the fee, 30 per cent goes to the sports association and the rest comes to the guild.

**Senator JOHNSTON**—What number of students utilise the services of the guild at each of your institutions?

**Ms Cassidy**—One hundred per cent.

**Senator JOHNSTON**—How many students do you have?

**Ms Cassidy**—We have about 30,000 students across the state.

**Senator JOHNSTON**—And they all use the services of the guild?

**Ms Cassidy**—Yes. You might not know about the Curtin Student Guild, but we run the majority of catering outlets on campus. We have a Megazone facility, a second-hand bookshop, a sports store, Student Assist, a marketing department, a copy centre—

**Ms Mills**—Student representation—

**Ms Cassidy**—student representation and a tavern.

**Senator JOHNSTON**—Are these run on a commercial basis?

**Ms Cassidy**—No, we are a not-for-profit organisation.

**Ms Mills**—There is the argument that all students benefit. For example, a couple of years ago we managed to get the library open on Saturdays. At that time we had voluntary student membership. Students did not have to show their guild card to get access to the library on Saturdays. A couple of years ago we managed to get an audit of illegal fees and those students who were not members of the guild did not have to continue to pay for those items which were illegal under Higher Education Funding Act. All students are benefiting constantly from the work that student guilds are doing. For example, we have spent time coming to speak to the senators today to try and stop 30 per cent increases in HECS and the agenda that the government is driving, which is really a negative one and it is not going to benefit students at all, unless you are a millionaire. Students are not going to benefit from this package. That is the representation that all students on all of our campuses are benefiting from.

**Ms Robinson**—I have been wanting to answer your earlier question and I keep putting my hand up! Going back to the number of people who have opted out, you were asking why students were not joining up. Really, from what I have been able to tell this year, students always knew that they would get the services that we provide, whether or not they actually paid. With the students who opt out, it is not about not wanting to join, it is about apathy. They know that, if it is voluntary, they do not have to pay that fee and they are going to get that stuff anyway. For example, all of our catering is not guild members only catering. The same applies to the tavern and everything like that that we do. Also, just going back to the amount of—

**CHAIR**—Don't those who opt out have to pay to a charity or some other form of equal and equivalent—

**Ms Byers**—No, it is up to the university.

**Ms Robinson**—The money is still distributed in the same way, regardless of whether they opt in or opt out.

**CHAIR**—So, if they opt out, they do not pay?

**Ms Robinson**—No, they still pay.

**Ms Mills**—They pay, and it goes into a fund. How that is spent is jointly decided by the university and guild. It has to be spent on services and amenities on the campus that will benefit students.

**Mr Healy**—It can be sports facilities, common rooms or something that benefits students. It cannot be a staff benefit.

**Ms Mills**—So they still contribute, because it is recognised that they still benefit.

**Senator JOHNSTON**—Let me see if I understand this correctly. If there is no compulsory or semicompulsory amenities fee and you can fill out a form if you do not want to pay, the guilds cannot survive?

**Ms Mills**—I think experience has shown that two guilds under the previous voluntary student unionism model collapsed. That is the evidence that they are not going to survive. If your government pushes ahead with the voluntary student unionism legislation, you are going to have campuses across Australia lacking services, vital things such as child care assistance and so many other things. It is such a negative—

**Senator JOHNSTON**—But, if people wanted guilds, they would survive. One hundred dollars does not sound like much to me.

**Ms Mills**—The point is not whether or not they want guilds but whether or not they actually want to pay. The situation that Myra was describing before was that of free-riders. They are essentially getting something and not contributing.

**Senator JOHNSTON**—I take it that your membership figures indicated that there was a fairly substantial drop in guild members. It went down to 30 per cent not long ago. Why is that?

**Ms Robinson**—We just explained that. People know that they are going to get these services, even if they do not pay.

**Senator JOHNSTON**—So 70 per cent of people are happy to just rip the system off and to use the guild and not pay?

**Ms Robinson**—No. It is an apathy thing. You say to them, 'This is what you get when you pay for your guild fees,' but they say, 'I get that anyway, whether or not I actually pay that fee.'

**Ms Byers**—I do not think it is necessarily a question of trying to rip the system off. I think a lot of students, especially part-time students and students off campus, are often not aware of the guild and what it does. They do not realise that, when they walk into the tavern or when they do not have to pay an illegal fee, it is the guild that has provided that for them. They do not realise the extent to which the guild represents them in their everyday life. It is not something that is uncommon either. Most people recognise the benefits of, for example, public health, but I know that a lot of people would choose not to pay their taxes if they had a choice. But the point is that it is compulsory because everybody should be expected to contribute to services that everybody benefits from.

**Senator JOHNSTON**—Are you equating with tax dodgers the 70 per cent of people who did not pay guild fees when it was voluntary?

**Ms Byers**—No.

**Senator JOHNSTON**—All I am saying is that you are running an operation that clearly is not a commercial operation. It is not for profit, but there is no accountability.

**Ms Byers**—What was that about accountability?

**Senator JOHNSTON**—There is no accountability to cover the costs of the services to the students because membership is not compulsory. Even now, I dare say the 33 opters-out could probably use the services.

**Mr Healy**—Yes, they can.

**Senator JOHNSTON**—So there is no accountability as to the user pays or the cost provision so that, regardless of who is a member, the services are provided.

**Ms Byers**—Of course. The reason that we exist is to ensure, firstly, that students can come to university and, secondly, once they are here, that they have the ability to study, can afford to buy their textbooks and have access to all the welfare services that we provide. If someone comes to the guild and says, 'I'm going to have to drop out of university because I can't afford to pay for my textbooks or for child care,' we are never going to say, 'You can't have access to this service because you are not a guild member.' That is not why we are there; we are there to make sure that students have a quality educational experience. That is what we do and we do it for every student.

**Senator JOHNSTON**—So you view the student guild and the services provided by the guild as an institutional necessity rather than a service provider to students?

**Mr Healy**—As I have said before, I would compare guilds to local councils. It is very similar to a rate for the services and benefits that you have access to. The guilds do all the consultations with the relevant university on illegal fees, opening up libraries and lowering the costs of textbooks. All sorts of different negotiations happen; they are all service provisions. It is one of

the things that we often refer to in the Curtin Student Guild: if you do not pay your rates, you do not get your rubbish picked up. It is less of a tax but more of a rate that everyone contributes to. Universities are very much a community. They are not private entities or corporations—sorry, yes, we are.

**Ms Robinson**—The university considers us an integral part of its institution. As I said before, the UWA guild was formed the very first year that students were on campus. It considers us integral to a few things. One thing is that we provide some services that the university perhaps should be providing, such as counselling. The reason why we do that—and we do not ask the university to do that—is that some services need to be run independently of the university but still need to be a part of it. Another thing is that the university recognises that student contributions to the university senate and academic council—at all those representational levels—increase the quality of the education that students receive at UWA. It is like a feedback mechanism, if it is done with elected representatives. It is not going to run student surveys; it wants the representation of elected students there from the guild. It has always appreciated that and it uses it at every level.

Another thing is that our university know that life at UWA is great for students and that students really like it. They actually use us as a marketing tool. They say, 'Look at what our guild provides for students outside the classroom. HECS pays for what goes on inside the classroom, but the university experience is not just that; it is what happens outside the classroom.' They know that students like what our guild provides and what we have done for the university, and they use it as a marketing tool.

**Senator JOHNSTON**—In guild elections, what is the current turnout for office-bearers?

**Ms Robinson**—At UWA there were 2,600 voters out of a total of 16,000 students, which is a higher turnout than at local government elections.

**Senator JOHNSTON**—It is not much higher, though, is it?

**Ms Robinson**—No, but it is pretty good.

**Senator JOHNSTON**—What about Curtin?

**Mr Healy**—Do you mean for nominations?

**Ms Robinson**—No, the number of voters.

**Mr Healy**—I think we had a turnout of about 1,500 students.

**Senator JOHNSTON**—Out of 20,000.

**Mr Healy**—They were based mainly at our Bentley campus.

**Senator JOHNSTON**—Why is the turnout so low?

**Mr Healy**—I guess each campus is different. For Curtin I would say it is definitely a matter of trying to let students know what is going on. Bentley is a very broad campus. I am not sure if you know it. We also have a lot of satellite campuses. A lot of our students are based separately. Whilst we put things in *Grok* and try to advertise them, a lot of students just do not have the ability to do postal votes.

**Ms Robinson**—I will just emphasise again that it is a higher turnout than at local government elections. The turnout for voting in convocation elections, which is the other official body under the statutes of the university, is two or five per cent, which is far lower. So I think our voter turnout is quite good for a voluntary election.

**Senator NETTLE**—You have indicated that at both your universities the vice-chancellors have said they do not want to increase fees by 30 per cent—correct me if that is wrong—in order to make up for a shortfall in federal government funding. I do not know if you were here earlier in the day, but there was a suggestion when NUS WA were presenting that the vice-chancellor from Curtin, I think, had given some indication that as a result of not increasing fees they may need to cut the number of courses available. I am wondering if you can provide us with any more information in relation to that comment.

**Ms Cassidy**—No, the VC at our university has not ruled out the 30 per cent add-on. The only thing that he has ruled out to date or said that he would like not to consider is up-front domestic fee courses. The 30 per cent has definitely not been ruled out.

**Ms Mills**—As Isobel said, our vice-chancellor has signalled his willingness to introduce the 30 per cent HECS. Earlier this year our podiatry course was closed. The quote there was:

> The future of health sciences courses with relatively small enrolments has been put at risk by nationally reduced university funding and the high cost of clinical education ...

So I guess that is a signal that perhaps our university might be looking at cutting some health science courses in the future. There are also some minutes from a meeting of our planning and management committee at Curtin university. According to an article, I think in the *Sydney Morning Herald*, back in February the university held a talkfest about some of the options and what Nelson might actually come out with. One thing that came out of it was that although it has been suggested that universities may raise or lower fees depending on the course, in practice it is almost certain they will increase fees. This has been the experience in the UK. The university will be under financial pressure to capitalise on its higher demand courses and to increase fees in those areas.

I think it goes back to what Susie was saying about Western Australia being geographically isolated to a certain extent. Students do not have the option to go elsewhere. The podiatry course that closed was the only one in Western Australia. Despite the Australian Podiatry Association trying to pressure the university, it has still scrapped that. So if you want to study podiatry in Western Australia, you cannot any more. We are scared that that is going to happen to a number of other courses. It was reported that some universities are considering the imposition of an entry charge on all students. Even a modest fee of this sort has the potential to yield a considerable sum of money. I will not read through all the alarming points here, but essentially all it talked about was how we can get more money from students, how we can minimise our costs and how

we can balance that trade-off. They are some of the elements of concern that we have seen from our university. They have not ruled out the 30 per cent HECS increase.

Further to that, we are concerned that a lot of the things that the government will put through will be able to pass through our university council because we do not think our governance structures as they currently stand are strong enough. It is even scarier that the government is suggesting getting rid of staff and student representation on these bodies. As was pointed out by the AUQA audit in 2002, in Curtin's university council external members have very little understanding of the true operation of the university. That is an external body to the guild. Anecdotally, when I was on university council I asked a university council member, 'How did you get involved in university council?' and she said she lived next door to the chancellor. So in terms of governance we are very concerned that these reforms are going to be pushed through our campus and we are not going to have much of a say about it.

**Mr Healy**—I just want to expand on the planning and management committee minutes. The planning and management committee is a committee of the university that senior management and executives of the university sit on. There is no student representation and it is where a lot of the discussions are had and a lot decisions such as this made—and many others over the years. There is no student representation or involvement. It is discussed here; it is confidential. It is minuted and the minutes are given to us sometimes but that is about it. A lot of the important discussions, like this one, should involve the community but they do not.

**Ms Cassidy**—Our concern is that there are a lot of courses under threat. Podiatry went this year and there are a number of health science courses under threat. A lot of these courses are the only ones offered in WA and they are certainly some that we have been told are at risk of being cut next year or the following year—especially small clinical courses—along with a few humanities courses. We have been told there are too many courses at our university and that basically we have to get rid of some.

**Senator NETTLE**—What about UWA? Have you had any comments from your university in terms of how they are going to cope with less federal funding and what sorts of responses they might make in terms of fee increases or whatever?

**Ms Byers**—They have not come to a firm position as to how they are going to react. They are waiting to see what aspects of the legislation get passed through the Senate. In terms of full fees, given the stance they have always taken in the past, we are hopeful there will continue to be no domestic up-front fee paying students at UWA. In terms of 30 per cent increases in HECS, they have done some modelling as to how much extra money they could get if they increased fees by various amounts, adding on top the governance bonuses and the workplace relations bonuses. They have modelled what effect that would have on the university's budget. But we do not have any firm position from them.

**Senator NETTLE**—In terms of potential increases in student fees, can you give us some examples—for instance, students coming to your guilds or organisations—of the impact the increased fees that we might be looking at would have on disadvantaged groups within the student body being able to access universities?

**Ms Cassidy**—Looking at fees within the university is very complex. Actually getting some answers out of them is even harder. As Terry mentioned before, the planning and management is one committee where we do not have representation. Another committee which we did not have representation on until two weeks ago was the fees and charges committee. To understand how they set fees is very difficult.

The university set fees depending on the student, and many times students are overcharged. When we go to the university and ask why someone's fees have been increased by $500 we are told that it is because it is market driven. It does make the alarm bells ring with the guild when we hear that the costs of courses are being increased because the market is good. Forensic science is a very trendy course at the moment. Fees go up if it is popular.

Also with regard to fees, if a course wants to become up-front they do it by stealth. They just become a postgraduate or graduate entry course. So instead of being a HECS course they just go straight for a graduate entry course. You have people who are not prepared for that course going in and doing it as an honours course or something. Our university is getting around it by stealth. We are definitely concerned at how they are setting their fees at the moment and how they will do so in the future if this deregulation does occur. We are very concerned as to where they are going to get their figures from.

**Ms Byers**—In terms of whether higher levels of fees are going to deter students, it is obviously hard to tell at this early stage what level of fee is going to stop students coming to university. We believe that students are already deterred from coming to university with current levels of HECS. I have talked to a lot of students. I know someone who was considering going on to do law as a postgraduate who had already completed an arts degree. He chose not to, on the ground that he did not want to be in debt for the rest of his life. There are a lot of cases like that, where students are choosing not to further their studies or to do postgraduate courses because the fees are just too high. It really is a debt for life.

**Ms Robinson**—I was going to say a little on the same point. In Western Australia the school leaving age is the lowest in Australia, I think. Students there are choosing courses they are going to be doing at university at the age of 17, and that often means that they are going to change their courses at some time during their studies, and a HECS debt is a big deterrent to that.

**Senator NETTLE**—You mentioned before, Ms Robinson, the corporatisation of research at university. I suppose I am asking you again about how universities deal with reductions in funding. Do you have any other examples you want to give? Where universities need to seek private investment in the courses that they run, what impact on the quality of education being provided are we seeing?

**Ms Robinson**—I do see benefit in private investment in education from corporate sectors. For example, engineering firms often give scholarships to engineering students, because they know that if they get the best graduates they should contribute. Also the private sector know that they get a lot of benefit out of people having a university education. That means less training for them to do, and they get a good quality work force. So there is benefit. The flip side to that is that it compromises what research can be driven for. For example, a scholarship might only be given if you do research in an area that is benefiting the corporation. The private sector can dictate a

university's research priorities, in exchange for funding. It ends up benefiting the industry more than the university.

**Senator NETTLE**—Are there any examples of that at Curtin?

**Ms Robinson**—Yes. This example is more related to undergraduates although I guess it does affect postgraduate students: in the design course at Curtin there is a particular computer package from a company that the university obviously has links with. I do not know much about design, but this computer package is the package that all the design students use, and that severely limits the graduates' ability to get jobs, because out in the work force they are not going to be expected to use only this one design package. They might have to use others, but because the whole course is based around this one design package—because the university has this corporate link—these design students are really disadvantaged. I know there are probably plenty of other examples of universities getting corporate alliances and corporate funds.

I think the point Myra was probably trying to make was that it is not that we do not think that business should pay or contribute towards universities—because at the end of the day they are benefiting from graduates—it is what the businesses are actually getting out of universities in that direct link. That is where we think that perhaps the government should be the intermediary, getting that money from businesses, taxing businesses perhaps, instead of taxing students more. That becomes the intermediary, so that you do not have these compromises of educational quality because business is contributing. But we are not arguing that business should not contribute.

**Senator NETTLE**—Thank you very much.

**Senator CROSSIN**—Can you tell me whether you have had a look at the impact of this package on women and Indigenous students? I do not see very much in your submissions about that, and I would be interested in your comments about those issues.

**Ms Byers**—Obviously women are already disadvantaged under the current HECS system, because the rate of repayment over women's lifetimes is much lower than that of men and obviously the average wage for women is much lower. So this package is going to be a further disadvantage to them. In terms of the learning entitlements, after five years you will not be able to study anymore. So it is unclear to what extent women who leave the work force—men as well sometimes—for family reasons and then have to go back to university for retraining are going to be able to further their university studies, if they have left the work force for a number of years. They may have used up all their five years of entitlements the first time they went to university, and we are not sure at what stage they can start to get back some of their learning entitlements after they have left university for a certain number of years.

In terms of Indigenous students, again I do not believe that scholarships are adequate in increasing Indigenous participation in universities. There are Indigenous students who have been lucky enough to receive scholarships but there needs to be more research in terms of the Indigenous population as a whole. You need to look more at why Indigenous students are not participating in higher education. What needs to be done to ensure that the Indigenous population as a whole has the same chance of participating in higher education as white Australians?

**Senator CROSSIN**—Are you suggesting that offering 1,500 scholarships—and the percentage that might go to Indigenous students would be low—is simply a bandaid solution?

**Ms Byers**—Absolutely. It is tokenistic.

**Ms Mills**—I would tend to agree with that. I do not think the package addresses many issues, one of them being income support—that is, Youth Allowance, Austudy and Abstudy. It goes to the heart of this. It also goes to the heart of scholarships. If a scholarship is going to interfere with your income support payment, what value does the scholarship have? It has no value to you. The package has not addressed any of the issues associated with income support payments and the effect that the 1999 cuts to Abstudy had on Indigenous enrolments. Again, they are bandaid solutions.

A lot of the issues in higher education have not been addressed by the minister. He has really missed an opportunity to look at access, equity and the quality of higher education; he has just not done that. One of the things that the Senate should be looking at is poverty of students, income support and how that affects women, Indigenous students and other groups, such as country students or part-time, mature age students, and their ability to access education.

**Senator CROSSIN**—What do you think are some of the missed opportunities by the minister in relation to better income support for students?

**Ms Mills**—The fact that youth allowance is currently about 42 per cent below the poverty line.

**Mr Healy**—It is 48 per cent.

**Ms Mills**—Sorry; 48 per cent. That is pretty disgraceful. If you get a scholarship, it is a fat lot of good if you cannot afford to live because your youth allowance has been cut. That has been a real missed opportunity in the whole package. Another missed opportunity is a review of the way the welfare system operates when it comes to students. The way the welfare system operates has a direct effect on students' access to education. As Suzy said, students are working a lot more hours now. Students are forced to do that, to sleep during classes, because income support payments are inadequate. You cannot discuss higher education in this vacuum of the people who are going to access education and the support mechanisms that are there for them to be able to access that education.

**Ms Byers**—In terms of lifelong learning as well, the fact that students receiving Austudy are not eligible for rent assistance is highly conducive to mature age students going back to university. The fact the age of independence is so high and the rules for independence are so restrictive cuts out so many students who are not receiving financial help from their parents. Yet they do not have access to government benefits because the income of their parents is too high and, for some reason, they are not independent according to the government. There are a lot of students who cannot come to university—especially students with children or from low income backgrounds—because they do not have the time or the energy to work 20 hours a week just to get by.

**Senator CROSSIN**—If the age of Youth Allowance was reduced, the amount was raised to an average weekly payment, rental assistance was brought back and scholarships were income exempt, would the rest of the package still be acceptable to the student union? Could you still have a 30 per cent increase in HECS and 50 per cent of places full fee paying if you raised the level of student income support to an acceptable level?

**Mr Healy**—No. The day-to-day things—food, basic entertainment, clothing or things like that—might be covered by increases, but the money to live week-by-week should be increased.

**Senator CROSSIN**—So you are suggesting that that would just limit the amount of part-time work a student has to do to supplement what they are doing. Is that right?

**Mr Healy**—It could work towards it but there needs to be a fair amount of part-time work.

**Ms Byers**—In terms of actually coming to university, often students from low socioeconomic backgrounds in particular are deterred by the thought of having this huge debt. Obviously students who can afford to pay their HECS fees upfront are at a huge advantage because they are not going to be in debt for that long. A lot of students have seen the poverty cycle—they have seen a debt cycle—and have seen the effects that it has had on their family.

Regardless of whether they can afford to support themselves while they are at university, there is a huge worry amongst students as to what they are going to do after university—when they want to buy a car or they want to buy a house—and they cannot get a loan from a bank because of this huge HECS debt that they now have. It is even worse when you take into consideration full fees and degrees costing up to $150,000 and the fact that you can only get a loan from the government for up to $50,000 for the full fees. That obviously means that students are going to have to take out some other kind of loan to cover the rest or else pay it upfront, which is not an option for many students.

**Ms Robinson**—On that, we need income support and stuff to support these things. I think the ideology of having a user pays university system—a system that is based not on your merit or your ability to learn, but on whether you can pay to go to uni—will create a low quality university system. On an international level, we have already seen that most of the reforms on an ideological level do not do good things for universities. Welfare is a separate issue.

**Ms Cassidy**—I think that just because you can pay rent a little bit easier while you are at university does not mean that you want to have a huge debt at the end. I think you can look at New Zealand and the parallels that are occurring there at the moment where people are leaving with huge amounts of debt. You were referring to the situation earlier where studies have looked at how women in New Zealand will go to their graves with debts. Unfortunately, there is still a great differentiation between what women and men get paid in the work force. I think women will be especially disadvantaged by this legislation.

Relating back to comments before about Austudy, I was on Austudy for the first year I was at university, and my cat ate better than I did. My rent took the majority of my Austudy. I did not get rent assistance, and I ate at all my friends' houses most of the time. There is no way you can survive on it.

**Ms Byers**—Another problem is the fact that the supplement loan has been cut—that is, the system where you could give up half of your Centrelink benefits in return for a loan, and you then had to pay back twice as much as the amount of your loan. Obviously, that is an appalling system. It puts students in debt and that is a very bad thing, but it has not been replaced with anything. Personally, I have a supplement loan at the moment, and I do not know what I will do as of next year or the year after when, if I am studying full-time, I will have to find some other way of supporting myself because I do not have access to high benefits like other students do.

**Senator CROSSIN**—Thank you.

**CHAIR**—Thank you very much for your assistance today, it has been very helpful.

[2.38 p.m.]

**BUNT, Dr Stuart Malcolm, Vice President (Academic), University of Western Australia Branch, National Research and Teaching Committee; and Assistant Secretary, UWA Division, National Tertiary Education Union**

**ERRINGTON, Dr Stephen Gordon, Honorary Secretary, Curtin University Branch, National Tertiary Education Union**

**MACBETH, Dr Jim, Member, WA Division, National Tertiary Education Union**

**MAY, Mr John Weller, President, Edith Cowan University Branch, National Tertiary Education Union**

**CHAIR**—I welcome representatives from the NTEU. Would any of you like to elaborate on the capacities in which you appear before the inquiry?

**Dr Errington**—In addition to being the honorary secretary of the Curtin branch of the NTEU, for most of the week I am a senior lecturer in chemistry at Curtin.

**Dr Bunt**—As well as being Vice President (Academic) of the NTEU in UWA, I am a senior lecturer in anatomy and human biology and the CEO of a UWA spin-off company.

**CHAIR**—Thank you. The committee has before it your submission No. 337. Do you wish to make any changes to the submission?

**Mr May**—Perhaps I may make one or two comments, and there is one item in our submission that we wish to change in particular. The third item we raised in our submission was regional issues. We did not wish to pursue that. That matter was canvassed extensively this morning—I heard it—and, in any event, we are not pursuing that particular point anyway.

**CHAIR**—Thank you. 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 subsequently be made public by order of the Senate. I would ask you to make a brief opening statement. Do you all want to say something?

**Mr May**—In light of your comments to me this morning, I have decided that I will be the spokesperson at this stage and give you further opportunity to ask questions.

**CHAIR**—Excellent. There will be plenty of chances for everyone to say something, we will guarantee that. If you keep your comments short, that will give us more time for questions.

**Mr May**—This is a very small submission, a brief one. As you know, the national office have already lodged a far more comprehensive one. Since that submission was written other matters have arisen, and I would like to refer to one of those; namely, about a week ago the Commonwealth government released the requirements for attaining that additional funding of

$404 million. We—along with most people, I think—were very concerned about some of those requirements. I would like to address one in particular in relation to the direct relationship with employees. It states:

> The involvement of third parties must be at the request of an employee(s). For instance, dispute or grievance resolution procedures must not provide for the automatic involvement of third parties.

As you would appreciate—and I assume other people have already spoken to you on this matter in the last few days—union representatives play a key role in universities throughout Australia. They are involved in many committees in various capacities, including academic committees and committees relating to industrial matters.

Let me give you just one example of the impact that this would have on ECU if it were to be introduced. ECU are currently going through the process of EB. Workloads are one of the key issues affecting all academic staff—not only at ECU but throughout Australia. In fact in a survey we did amongst our staff at ECU, 65 per cent said that excessive workloads were the key issue. The national survey reflected that—it was almost identical. Our current EB clause in many ways is considered to be one of the better ones around Australia and yet it is obviously not working.

At present each school has the right to develop its own workload model in consultation between the head of school and the staff in the school. Yet we have a situation where everyone is saying that the workloads are excessive. What we are proposing therefore—and we are in the process of negotiating this with management right now—is that we allow each school or department to continue to develop their own workload model but that all those models now go to a special committee which will then determine whether in fact they are suitable. It is a vetting process. That committee would comprise one member of management, one member of the union and an independent chair. To my mind, this would overcome so many problems which universities face. Union demands have asked for more than this, but we believe this is a better way to go. The union want a quantitative cap on workloads—that is the requirement they are seeking. To my mind, we would resolve most of the problems if we had a committee of this ilk to not only consider the proposals in the first place and say, 'Yes, this is acceptable,' but also to consider any staff who felt aggrieved because they felt that they had been disadvantaged by the way it had turned out. We can no longer do that. We cannot function. We cannot do it this way. What can we do? Evidently, we can appoint a staff member—to be chosen by, presumably, academic staff generally or nominated by management. That is presumably an option still available under these requirements, but we would argue that that is not a suitable alternative. I can expand on that if you like.

**CHAIR**—Perhaps I will begin. This edict—this proclamation, effectively—issued last Monday sets down 14 prescriptions. Have you done any work on its legality? It is effectively retrospective, is it not? It is retrospective such that at some point in the future legislation will be passed backdated to that date. Is it legal in your judgment?

**Mr May**—You are asking a lawyer but unfortunately I have not looked into the matter and neither has the union. As far as I am aware, we have not sought legal advice and national office have not sought legal advice. I know you were asking this question this morning. I heard you asking a number of people that same question. I am not convinced it is unlawful. I am more

inclined to think it is probably lawful but because I have not researched it any opinion I give is not really of much value.

**CHAIR**—What impact, in terms of all the different groups that you represent within different universities within the union, will these 14 points have in terms of your capacity to undertake the EB round?

**Mr May**—I guess you have to start going through and looking at some of them individually. It is there. You have some talking about our right to determine who employees of the university are. The university is now saying we will have to be charged for office accommodation. We could probably live with matters of that type in the short term. But clearly the whole thrust of this is designed to make us less effective in representing staff. I do not think there is any doubt about that.

**CHAIR**—What about the other branches?

**Dr Macbeth**—I would like to add to that I guess in a more general sense. It seems to me that the proposals undermine what has been a very effective and pretty cooperative relationship. It is not without stress, obviously, between the unions and management, and it has not been without minor disputation in some cases in the past, particularly in EB. But generally speaking the industry has been running fairly well.

One of the key things to stress is that we do work closely with management. I am not on the committee of the union but I am associated enough with the people who are to know that that cooperative relationship is an important part of the way we manage the kind of industry we are in. It seems to me that anything that destroys that is bad. And it is not a sweetheart deal, either, which is the other side that is sometimes put to cooperation; it is more that we share common goals in many ways. Increasingly, as universities are corporatised that will probably be less the case. But we still are. We do share common goals in terms of educational outcomes. Management of universities across Australia share goals for the welfare of students and education with academic staff and general staff. It is a cooperative relationship that has been working and this will do severe damage to it.

**CHAIR**—So you think it is unnecessary?

**Dr Macbeth**—It is unnecessary on the one hand but it is probably counterproductive on the other.

**CHAIR**—Unfair?

**Dr Macbeth**—It will be unfair in the sense it will target particular kinds of relationships at work.

**Dr Bunt**—I will quote our HR manager. He said: 'UWA has successfully negotiated enterprise agreements. It has not found the existence of regulations such as those in the HECE award unduly restrictive. Nor has pattern bargaining prevented us managing the enterprise bargaining process. The best way to disempower unions is to have responsive and effective management that listens to staff and where a relationship of trust is developed.'

**CHAIR**—So we will be waiting a while, will we?

**Dr Bunt**—I believe that if you look at our productivity gains—if you look at the increase in almost any measure, from staff-student ratios to however you care to measure productivity—this has been a very productive sector. The existing system has led to very little in the way of industrial strife and to great increases in flexibility. One thing that is often not realised is how much the sector has changed in the last decade or two. Our management now has the ability to reward performance; they have the ability to offer overt award payments linked to market forces; they have the ability to input merit and strategic factors. So there is great flexibility to reward good performance and performance above the norm.

We feel that the system that we have is working very well and that the introduction of AWAs, for example, is going to be extremely disruptive and costly. The only reason I can see for introducing the AWAs, given that we have a number of systems in place to reward over performance, is a punitive one to drive down wages and costs. We already have the flexibility to encourage and reward performance and also to respond to market forces.

The cost of administering the AWAs is going to be punitive. We believe that even if it is successful in driving down general wages and conditions—which of course we feel is totally counterproductive to morale and performance within our sector, which is already under great stress and strain—the cost of administering that is not going to be worth the five per cent that it might save, certainly not in terms of the damage it will do to the sector and to the already low morale of the staff that work within it.

**Dr Errington**—I think I can speak for the others as well by saying that the NTEU has never been a 'no ticket, no start' union. We defend the right of people not to join. We have never tried to tell management how they should run their university; we just see ourselves as being part of the system that runs the university. I was first secretary of the staff association 30 years ago. Thirty years ago we started meeting monthly with management. That has gone on for 30 years. Every month we meet with a management team to head off any trouble there might be. We have our tense moments from time to time and our disagreements but, in terms of workplace relationships, they are about as good as they can be at Curtin.

On the matter of workplace reform, there was this earlier program—what was it called? WRP: workplace reform program—where universities could be given a two per cent supplementation on their operating grant if certain conditions were met. If most of the other conditions were met—if I remember correctly there were 14 conditions or something like that—then the two per cent became permanent. We have just been through that and we have just been awarded the second two per cent.

I do not think too much workplace reform is needed. A lot of these dot points are rather outrageous and nitpicking. For example, the university cannot give the union a rent-free office, as John mentioned. If the university chooses, because it is for the good management of the university, to have the union sitting in an office on the campus, if they want it that way why shouldn't they be allowed to have it that way? It is not a major issue but to list it as one of 16 points or whatever it is—

**Mr May**—If it is not ideological, it seems to me that their argument must be that we are obstructive in some way and that we are not part of or are not enhancing the university's good management, or something of that order. If that is the argument then I would totally reject it. I believe that unions are in fact productive in the sense that they do things which management would like to have as outcomes.

One simple example is the promotions committee. On the promotions committee we have staff representatives. A staff representative there is like a watchdog. He ensures that due process is followed. By knowing he is on that committee, staff are more likely to accept the outcomes of that committee. Even if they do not like the outcomes they will think, 'At least due process was followed.' If due process has been followed—and if they believe that—then staff morale will be enhanced. If staff morale is enhanced then usually it will lead to greater productivity. It seems to me that if you are going to get that outcome—that staff morale is going to be better because of union involvement—then I cannot understand what management's argument is.

**Senator NETTLE**—We have talked about the unnecessary nature of the workplace relations reform. What is your attitude to the national governance protocols in relation to the capacity for staff to be represented on university councils? Do you have any comments on that issue?

**Dr Macbeth**—I certainly have quite a bit to say about governance. It is one of the reasons I am involved with this. For three years I was a member of Murdoch's governing council, the senate. I also recently attended the NTEU governor's conference in Melbourne. It was quite clear from the paperwork from that, as well as from the work we have been doing at Murdoch, that governance is an issue. Not only is it obviously a very important issue in the way universities work, but there is certainly no simple answer.

The notion that we should move towards a corporate model is, of course, ludicrous not only in light of the complexity of the university's various constituencies that are very different from the shareholders and corporations but also in light of HIH through to Alan Bond's corporate fraud, which are not exactly models that gives us a lot of confidence for university governance. The sector probably does need its own model but it is certainly not as simplistic as saying that it must be small.

Universities and university councils, to be really successful, need a critical mass of skills. We definitely need external people and we definitely need internal people because they bring different kinds of skills and expertise. Staff are not simply representatives of other staff, although we might be elected from that constituency. What we bring to a university senate, aside from some fairly useful potential for whistleblowing, is internal knowledge and expertise about the education industry. Most corporate bodies have a predominant membership of people with expertise in the industry. By and large, the external members of university governing bodies do not have any expertise in education, so the students and staff members of those governing bodies actually comprise the industry expertise. Certainly, that is the way we look at it at Murdoch.

My experience with our governing body, which has a very interesting mix of external members, has been that the balance of corporate financial knowledge with members of the judiciary—we have a judge and we have had lawyers, at various times, on council—and a very well-informed secretariat is the way you get through that. You also have the internal membership, so you get that kind of critical mass of skills. It is not a simple matter of whether

we have representation; it is a complex matter of how that representation can contribute to that governing body.

**Senator NETTLE**—In terms of the model you are talking about, can the national governance protocols which are part of this package contribute to an appropriate governance model for universities?

**Dr Macbeth**—No. With regard to those protocols, particularly in terms of size restrictions, small is not beautiful because you cannot get the critical mass of skills. When you start dictating size, that is the first problem. Also, as I am sure you have heard before within the Australian context, one of the biggest governing bodies is one of the most successful universities. Size is obviously not the crucial issue. The protocols being pushed in this package do not address the need for that balance of skills. They particularly remove the skill base of educational expertise—which obviously the staff are more likely to have than the external members, although obviously not entirely—and the inside knowledge of how the system works.

I was constantly struck, from the day I joined our senate, by the way the external members relied on the internal members for expert knowledge—on a casual basis after dinner, before meetings and during meetings as well. In the last few months in particular, a number of people commented—as we were raising these issues given this protocol—how they could not do their business without the internal members because they did not have that kind of knowledge of the institution and how it works.

**CHAIR**—Were any members of parliament on any of the councils here?

**Mr May**—Not now.

**Dr Macbeth**—I would add that I was very intrigued by what you and another parliamentarian said at the NTU conference because no, we do not have experience of that. I certainly think that there is good reason to consider going in that direction in other states, besides the ones that do it already. Now, I know that is contrary to this present protocol. We have had ex-politicians at Murdoch and that brings a level of skill and knowledge about the way the political environment operates that is very important. We also have direct links on our senate with the education department at state level. So we have fairly direct information but it is at the officer level not at the political level.

**Mr May**—I would agree. I think ex-politicians, if nothing more, can be valuable members. They know enough to speak out when a lot of members will not speak out, and that is good.

**CHAIR**—I think all of us here would take the view that serving members have something to contribute as well. Particularly, they have the parliament, and they have parliamentary privilege so they can speak out.

**Mr May**—You asked if there was anything good in these proposals on government protocols. Let me mention something that perhaps is good. I am amazed about it and I would like to know how the vice-chancellors have responded to this point. Attachment A clearly spells out that the duty that will now be owed by senators and councillors is identical to that owed by directors of public companies. In order for directors of public companies to actually exercise those duties,

they do have to have an amount of knowledge and information and currently they are probably not being given that by most university senates in Australia. In fact, this is now spelling out not only their duties but also their responsibilities—namely, to monitor. Clearly they now monitor the vice-chancellor's performance, the management of the institution and the accounting processes by which that institution is being governed.

I do not believe many vice-chancellors would want that. At the moment, most councils are not exercising those powers. If you say that the duties are now going to be as listed there—that is, they are the same as duties owed by directors of companies—then it seems to me that councils must obviously now proceed to carry out those responsibilities. They must monitor. It means that vice-chancellors are going to be far more accountable to their governing bodies than they have ever been in the past. I wonder whether they have been talking about that to you.

**CHAIR**—No, they have not mentioned that so far.

**Senator JOHNSTON**—That is good, though.

**Mr May**—I think it is. I think there is a good side to it. One of the problems we have is that it is very difficult to get information about the internal goings-on of any university at that level. Most vice-chancellors believe this is not a matter for governing bodies to be involved in. They take the view that it is their prerogative.

**Dr Bunt**—Perhaps UWA has a slightly different attitude. We have made it quite clear in the senate that our role is to monitor the activity of the executive. What they have done to try and defuse that is set up a subcommittee—a chancellor's committee—that reviews the performance of the executive. That is made up of members who are heads of the subcommittees of our senate. I should point out that I am on the senate. The heads of all our subcommittees are external members. I think that is very interesting. I believe they are aware that the external senators do not have the information and knowledge of the inner workings of the university to really monitor the behaviour of the executive, unlike the staff and student representatives, who are experiencing or suffering the results of their management or mismanagement. I can point to a number of cases on the UWA senate where there has been a division of the senate, almost down the middle, between the external members and the internal members over a number of incidents. Quite often it is because the internal members know something is wrong and the external members are reluctant to raise their heads above the parapet because of their lack of knowledge and experience in the educational sector.

We have found on our senate that the external members bring specific expertise, particularly financial expertise, which is very useful once something has been brought to their attention, but that is not necessarily in the role of actually being critical board members who are looking at the strategic performance of the institution. We have found that the academic and staff representatives are essential for that, because they have a real vested interest in making sure that the university runs efficiently and properly. They are the ones who are having to implement the policies. Often their role is to bring something to the attention of the externals and then the externals can bring their expertise to bear.

The issue of expertise is interesting. Nearly every university has a whole department of accounting and finance. So it is not that the academics are without expertise—they have

expertise in most of these areas. But they perhaps do not have the independence. It has appeared to us to be more likely that the whistleblowers come from the ranks of the internal members of the board, not the external members. We can conjecture the reasons for that.

**Senator CROSSIN**—Going back to the workplace reform program: universities were asked to choose nine of the 12 conditions. However, they were not as specific as what was put out last week. How did both branches find that process? Were they matters that would have been on the bargaining table anyway or did you feel that you were compelled to implement someone else's industrial agenda?

**Dr Errington**—I do not have a vivid memory of them. I can remember one of the sillier ones which we as a union were happy to accept. Staff members had to be told that they did not have to belong to a union if they did not want to. We can live with that; that is one ticked off. There was another one which was more serious. In effect, it was about accepting AWAs. I do not know if our senior management thinks of their salary and conditions arrangements as being AWAs, but that is what they are. The senior managers are—

**Senator CROSSIN**—Are they AWAs or are they contracts?

**CHAIR**—They are contracts.

**Dr Errington**—They are individually negotiated.

**Senator CROSSIN**—They are common-law contracts rather than AWAs.

**Dr Errington**—I am an organic chemist!

**Senator CROSSIN**—Have any of your members asked for an AWA? Have they said, 'We would really like an AWA; get in there and push hard for it'?

**Mr May**—Not to my knowledge.

**Dr Errington**—I have never met anyone who expressed any interest.

**CHAIR**—That is the evidence we are getting on it.

**Senator CROSSIN**—There was a view put in one of the other states last week—sorry, I am a bit hazy about exactly where it was; it might have been Queensland, I think—that unlike the MUA or the CFMEU, the outputs in universities have been hard to measure, that the productivity is actually the intellectual capital of the university and that these requirements are fairly petty and are not related to quality teaching, learning and research. What is your view about that?

**Mr May**—Are we now back to the government's protocols and also that most recent document?

**Senator CROSSIN**—Last week's document—that is right.

**Mr May**—I think the answer was given to you this morning by the Deputy Vice-Chancellor of Edith Cowan University, where he conceded that they were not related to quality.

**Senator CROSSIN**—That is a comment the NTEU would agree with?

**Mr May**—We would endorse that totally. They have nothing to do with the quality of education or the quality of services being provided by universities.

**Senator CROSSIN**—What sort of industrial action has been taken by the NTEU Western Australia branch, say in the last four years? Has industrial action been high or has there been none?

**Dr Errington**—Virtually none at our place. I remember a morning where all lectures were cancelled. That was four or five years ago.

**Senator CROSSIN**—That was about as rampant as it got, was it?

**Dr Errington**—We can talk our way through the issues. It never comes to that kind of crunch.

**CHAIR**—There is now a national stop work the day before our last hearing, so things have moved a fair way.

**Mr May**—They have. The national conference is on right now in Melbourne, as you know, so this is an excellent opportunity for this to be properly debated with some 200 delegates or more there right now.

**Senator CROSSIN**—There has also been a view put to us that, rather than assisting in industrial matters, we have a federal government that actually aggravates, promotes and prompts industrial confrontation in an industry where things are fairly harmonious when it comes to bargaining conditions. What is your response to that?

**Dr Bunt**—I think you will soon see the result of that. In the past, as we have said, there have been no formal strikes. I think there was a stop-marking at one point, where exam results were withheld for a short period, but that was the extent of the industrial disruption. But I think that the new approach and legislation runs a very high risk of causing a great increase in industrial disruption and confrontation, which we have never wanted. But I think that we have to do something about this. We feel that our freedom to bargain collectively is under threat and that our good working relationship with the executives of the universities is going to break down. So I think that this legislation very much has the possibility to increase conflict and industrial disruption.

**Senator CROSSIN**—Will you be able to keep the vice-chancellors with you in this or do you think it is designed to create a rift between you and the bosses?

**Dr Bunt**—We are seeing that already. Largely due to financial contingencies, I think that some chancellors are feeling that they have to go for things like full fee paying students and so on, and others are holding out against it. It often depends on the financial ability of a university to stick to its principles. They are under threat basically because of financial contingencies.

**Mr May**—I think that was made clear this morning by the vice-chancellor of ECU. She effectively said that she feels she has no choice. I will just add—to give you a full picture about what industrial action has occurred in WA over the past four years—that ECU did go on strike for two days, some three years ago, in order to try and finalise negotiations which had been dragging on for over 12 months. At that stage, the staff were of the view that a reasonable pay offer had not been made by the university. It was a last resort. I think it was the only strike that has ever happened at ECU. It turned out to be a successful strike, and within a week of that strike management were putting up a reasonable proposal. I believe that two weeks later an agreement was reached. So I think in one sense it was unfortunate, but it was necessary.

**Senator CROSSIN**—Given that industrial action is extremely low, that you have basically harmonious industrial relations with management at universities, that you also have vice-chancellors who do not agree with these reforms and that the NTU is not known to be a fairly rampant, militant union across the country, what do you see as the reason behind this agenda from the federal government?

**Dr Errington**—In a political context, the only explanation we can see is ideology.

**Senator CROSSIN**—What ideology do you think that is?

**Dr Errington**—I do not know. It is punishing the unions, slowing down the unions or punishing the staff. The minister was relating an anecdote on television the other night about a lecturer he met at Griffiths in Queensland who was complaining about his lazy mate two doors up who was getting the same pay. We all enjoy a good anecdote like that. Maybe in Parliament House there are a couple of people a couple of doors up who are not working as hard as the rest of their colleagues. In a big organisation, you find a few people like that, but seizing on it and suddenly saying that we have to have better performance management and we all have to clamp down on this bloke at Griffiths is unreasonable. We could clamp down on him too because we are working pretty hard and we are not too keen on people who are not pulling their weight.

**Senator CROSSIN**—But you have systems in universities that do clamp down on poor performance. Haven't you negotiated management performance procedures and probation procedures?

**Mr May**—Yes. I think one has to look at it in context. It is not just universities who are being affected by this process. You just have to look at the move away from awards towards AWAs to see that. We are just part of the process of that movement.

**CHAIR**—It would have more weight if the government applied it to its own direct employees in the Public Service.

**Dr MacBeth**—I would like to answer your question, which is more global, in another way. I think that there is an increasing mean mindedness in Australian society, and I think it is particularly reflected in the policies of the present federal government. It is mean minded in a variety of ways. All the discussions we have had about student allowances and welfare cheats are primarily picking on the margins of groups of people who cannot defend themselves. The continual attempt that has been going on for quite a number of years by this government to

attack various types of industrial situations is partly a kind of mean minded attitude to other people trying to get on in life.

There has certainly been a fairly concerted attempt to increase the disparity between rich and poor in Australia. I think the lack of core funding in universities is also part of that mean mindedness—not understanding that the wealth of this country is based on bringing people up rather than knocking people down. So part of the ideology behind this apparently quite senseless attack on a particular industrial relationship is more and more about that attack on people who are not in a position to defend themselves. It is a part of that whole package.

**Dr Bunt**—Another issue that crops up is that we cannot help but reflect on our own experience. Looking around the table, we are all probably of a certain age—I do not know whether there is any exception—meaning that, when we were at university, there was some slack in the system. But that has long since gone. Since 1996, with the decrease in funding, there has been a 31 per cent increase in staff-student ratios. I started at UWA six years ago and, in my own case, I have seen classes go from 55 to the 203 of the last intake—and it is still me who is teaching them. The slack in the system has really been taken up. I suspect that some of this—and the use of the anecdotes that Steve was talking about—is because we remember back to perhaps a slightly easier time.

But universities have changed. We have performance review in my institution. I have to report to my head of school and justify what I have done. Everybody undergoes a three-year performance review. We can have increments and promotions blocked. A number of punitive things can be done to us if we are not performing properly. Certainly I can say that, if anybody is slacking off within my school, they will get a very tough time from their colleagues, because we have to take up the slack—and I do not know of anybody slacking off in my school.

Pay rates are at such a low level compared with those in other areas that I think the lowest performing person in our school is probably still being underpaid for what they do. Promotion is also a method of measuring performance; if somebody is not performing, they are not promoted. But now the pay scales at the lower end are abysmal. Very few people in our school I think are working under 50 hours—the last survey we did showed that the average was well above that—and we are not being paid appropriately. It is also a historical accident, I think. Perhaps it is a lack of awareness of the increase in productivity measured, as you have pointed out, not by quality necessarily but by output—pushing students through. Our workloads have increased enormously. That increase in productivity and output has been at the expense of longer hours and staff stress levels, as a number of studies have shown.

**Dr Macbeth**—One thing that I think has led to the kind of situation we have without having had a lot more conflict in institutions is that, by and large, people who teach at universities are highly committed to the outputs of that kind of institution—research and the students. In many ways that is our predominant goal. We have allowed—and, in hindsight, probably mistakenly—our pay and conditions to deteriorate considerably over the last 20 or 30 years. In terms of quality of teaching, we certainly have serious issues with the lack of core funding that means that class sizes increase dramatically. Staff-student ratios have deteriorated very badly. Of course, a whole series of issues follow on from that in terms of the way in which we can teach students and quality is severely reduced.

**Mr May**—Perhaps I could make just one point, Jim. It is at variance with what you are arguing about with the parsimonious nature of this package. I would like to commend the government on one thing.

**Senator CROSSIN**—This will be the second thing now, so be careful.

**Mr May**—I was extremely gratified to read about the reintroduction of Commonwealth scholarships. Although one could argue about the numbers—

**Senator CROSSIN**—Fifteen hundred.

**Mr May**—and the level of support, I believe that the mere fact it is being done is commendable. If this committee does nothing else—

**Senator CROSSIN**—But Centrelink counts a scholarship as income.

**Mr May**—I agree that there are issues with it. But the mere fact that it has been done I think is commendable. As the recipient of a Commonwealth scholarship in 1961, let me say that I agree with the research that has been done which also indicates that certain types of people, if they do not get that type of scholarship, will never go to university. In 1961 only three per cent of 18-year-olds went to university, as far as my figures go; it was an uncommon thing. I would not have gone to university had I not got a Commonwealth scholarship. Today it is slightly different. There are many more people and it is a much more common thing for them to do. But there is still a segment of society out there that clearly needs this. This is a leap, and they will not take that leap unless they get financial support.

**Senator CROSSIN**—Some of us might say it is a little step, when you have tens of thousands of students out there and only 1,500 scholarships.

**Mr May**—There are other issues such as quantum, whether there are enough, but I certainly believe that their reintroduction is a good move.

**CHAIR**—Thank you very much for coming today. I appreciate your evidence, as I am sure the subcommittee does as a whole. Thank you very much.

**Subcommittee adjourned at 3.20 p.m.**