



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
REFERENCES COMMITTEE

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

WEDNESDAY, 1 OCTOBER 2003

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

**Wednesday, 1 October 2003**

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

**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, Stott Despoja and Tierney

**Terms of reference for the inquiry:**

To inquire into and report on:

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

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**Subcommittee met at 9.19 a.m.**

**CHAIR**—On 26 June 2003 the committee was asked by the Senate to inquire into the policies and principles underlying the government's higher education package as set out in the ministerial statement entitled *Building Australia's Future*. The committee was asked to consider the effects of these proposals in the light of the government's stated intention to deliver policies characterised by sustainability, quality, equity and diversity.

The committee is examining the implementation of these objectives, with particular reference to the financial impacts on universities and students. This includes considerations of radical initiatives in fee deregulation and the expansion of full fee places, both of which are the consequences of the government's Commonwealth Grants Scheme. Other issues that come within the terms of reference include the effect of the proposals on research policy and funding, university governance issues, academic freedom and industrial relations.

Legislation to implement the government's policy has only recently been introduced, although this committee is due to report to the Senate on 7 November. It is highly likely that the deliberations of the committee and the findings we produce will have a significant effect on the shape of the legislation if it is to pass the Senate.

This hearing is being conducted by a subcommittee of the 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 to 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 the Senate committee is to be treated as a breach of privilege. I welcome all observers to this public hearing.

[9.21 a.m.]

**ASHWIN, Mr Andrew, Vice-President, Cumberland Student Guild; General Manager, University of Sydney Orange Campus Student Association; and Board Member, Australasian Campus Union Managers Association**

**McDONALD, Mr Peter, Consultant, Australasian Campus Union Managers Association; and Member, Tertiary Balance Pty Ltd**

**MAHNEY, Mr Greg, Board Member, Australasian Campus Union Managers Association; and General Manager, Murdoch University Guild of Students**

**WHITE, Mr Trevor, Board member, Australasian Campus Union Managers Association; and General Manager, Royal Melbourne Institute of Technology Union**

**CHAIR**—Welcome. The subcommittee has before it submission No. 472. Are there any changes you would like to make?

**Mr Ashwin**—Yes, Mr Chair, and I would like to pass to Peter McDonald to highlight some of those changes.

**Mr McDonald**—In the submission that ACUMA lodged, on page 4 there were some industry turnover figures for the campus services sector where the industry had done some analysis and concluded that it was roughly a billion dollars in turnover for the sector now. We do not wish to change those figures but, in relation to the amount of the amenities and services fees that are collected, our previous analysis had indicated that amount was about \$230 million per annum. We have had new statistical evidence come to the fore which would indicate that the figure is in fact \$206 million per annum, and so in fact in the submission we overstated the case by about 10 per cent, and that will have a flow-on effect with some of the other numbers in the submission, once again changing the figures by about 10 per cent—not the total turnover figure, by the way—and we will submit a supplementary note for the record to itemise exactly what those changes are.

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

**Mr Ashwin**—ACUMA's submission obviously highlights our position in regard to the optional membership of student organisations. In summary, it is ACUMA's position, and therefore its members, that each university should be given the right to levy a compulsory services amenities fee, a compulsory subscription fee, as a condition of their enrolment. That has obviously been a point where there are existing measures to allow opting-out of membership. However, we believe there are mechanisms already in place in regard to that.



An example in the middle of last year with the ACC: James Cook University was a highlighting issue of that, plus the fact that there was a critical issue of the provision of services and amenities to both on-campus and off-campus students throughout the university life. The compulsory payment of a fee is different to that of membership. The campus services that are provided by ACUMA's members are vast. They deliver a valuable component to the total university experience and are therefore critical to the outcomes that universities desire.

I think our submission contains a lot of data, as we referred to earlier, in regard to the impact that the possible legislation would have on the industry. The appendix to that submission talked about the reasons why campus services are critical, including the ability of those campus student organisations to deliver student development programs, the impact that it may have on regional and international students, plus the actual provision of services that are non fee paying or a user pays model that could not be sustained in a total environment.

**CHAIR**—Thank you very much.

**Senator CROSSIN**—You conducted a survey earlier this year that went to the number of job losses you believed would occur if this legislation was accurate. Can you, for the record, tell us about that survey, how it was conducted and the results of that?

**Mr Ashwin**—ACUMA conducted a survey recently, looking at the impact of 13 regional university student organisations. That was conducted in consultation with the general managers of each of those student organisations and highlighted some of the potential impacts. Organisations included Bendigo Students Association, the new Charles Darwin University Students Union, Central Queensland, three campuses of Charles Sturt University, and a lot of those are hypothetical scenarios in the case that the legislation comes in. I suppose the best scenario for us is that we have had an experience in Western Australia that has showed the actual impact of this legislation and the reality of it.

**Senator CROSSIN**—Do you have a table or something you can provide to us that would show campus by campus where you believe those job losses would be?

**Mr McDonald**—Sure. Perhaps I could also mention that ACUMA did do a survey of all of its member base on estimated job losses. We do have that by campus, but one of the weaknesses in that survey is that ACUMA does not have 100 per cent coverage of the sector and also, from my perspective, looking at the survey results, I do not know that the campus services organisations have been able to make a very accurate assessment as to the extent of the job losses. I think the data we have provided in the submission substantially understates the extent of the job losses that will occur, based on the experiences in Western Australia, and so we have only really conveyed in the submission what we got back from the survey, and because that doesn't cover everyone, I think those numbers significantly understate what the job loss situation would be.

**Senator CROSSIN**—Your initial survey showed 550 job losses, though?

**Mr McDonald**—On the survey analysis we did, I thought that the most recent survey showed 1,400 job losses estimated by the sector, but I would anticipate that the job loss numbers would be substantially higher than that.

**Mr Ashwin**—The 550 relates to those 13 regional campuses that were surveyed on 15 September 2003.

**Mr McDonald**—Whereas the 1,400 number relates to all the membership.

**Senator CROSSIN**—Thanks for clarifying that. We have a submission from the Adelaide University Union. We will hear from them later today. They anticipate that redundancies alone at Adelaide University would be around \$300,000 worth if the VSU legislation was successful. Have you looked at the cost of redundancies across the sector for your people if the legislation got up?

**Mr McDonald**—It is true to say the sector does not have very big balance sheets, because typically they have their premises on university land and quite often in law it is the university who owns the buildings. The provision for redundancies for the sector would be a serious problem. They do not have that sort of ready cash around to provide for redundancies, and so I think in the event that the legislative amendments were brought in, or these changes were brought in for VSU, the sector would have a problem in terms of providing for its people, and certainly it raises the issue as to how much time the sector would preferably need in a situation like that. It would be a major problem for the sector to provide for these redundancies from a financial perspective.

**Senator CROSSIN**—Some of the arguments that have been put forward about supporting this legislation go to the fact that the operations on the campus could act on a commercial basis; that user pays, basically; that the amenities or the services that are provided on campus could be thrown open to the market and students would just have to pay market prices. What is your reaction to those arguments that support this legislation?

**Mr White**—I think there are two aspects to your question. The first one is that if you take the smaller rural and regional campuses, the economic reality of running those services is probably not what the commercial environment would think is financially viable to operate, so I think the small campuses are going to have a real problem getting commercial operators to run those commercial services.

The second thing is that the commercial activities that your question is about is a very small part of a lot of unions activity. Even if you take this building here, sure, there are shops in here and there are food outlets, but there are also a lot of welfare services, there are a lot of services related to clubs and societies; there are orientation activities; there is support for international students. All those services no-one in the commercial world would ever dream of trying to run because in fact they are subsidised services, and that is the whole philosophy of why we exist. There are some areas where the students do have to contribute as they use the service—in other words, they are buying a pie or buying a sushi or whatever—but there are also lots of services that, just to open any of the union buildings at our place at RMIT, it is a million dollars before we start, just opening the buildings. A commercial operator is not going to come in and operate a building for us because we have to pay for the operating costs and the cleaning and the maintenance.

**Mr Mahney**—Our experience in Western Australia with VSU was that not only did the actual guild suffer but in fact a number of other private businesses that already existed also suffered as

a result of the reduced activity on campus. The guild was unable to keep generating activity and flow-through onto its premises. In fact we had a computer shop fold over a number of years since VSU was introduced. A record and CD and ticketing agency closed; a bank took away its ATM. These things have not been replaced by anything else. There is actually vacant land and buildings at Murdoch University as a result.

The other example which my colleague just mentioned is that these businesses are not really all that viable for private enterprise: for example, just this year the university decided to outsource its catering to a number of individual food outlets. One of those has already folded because it can see, for the next three or four months, there will be almost no business before students return in February. They have cut their losses and are leaving now. Two or three of the others are looking at their options because they have not been able to generate the sort of interest and turnover they need.

**Senator CROSSIN**—What sort of constraints does an academic year put on managing operations under the student guild or the student body?

**Mr McDonald**—Quite often there are subsidies provided to the commercial operators. I should note that there are a lot of commercial operators in the campus services sector already. On pages 3 and 4 of our submission we listed the five main groups. The fifth main type of campus service providers in Australia are the commercial operators who will come on campus with some sort of a franchise arrangement. I would estimate that they already account for about 15 per cent of the turnover of the industry. That sector is growing quite rapidly. The commercial providers are growing quite rapidly as part of the sector, but in many campuses it is an artificial environment, from a true commercial perspective. It is quite difficult to attract commercial operators on to the campus. It often involves protracted negotiations, where you meet their fears about whether or not they can make the business work in a campus setting.

**Senator CROSSIN**—Mr Mahney, in WA, how many job losses were seen there when the VSU legislation was introduced?

**Mr Mahney**—Our guild is a particularly small guild. Murdoch, as you are probably aware, is a fairly small campus anyway. The total number of permanent staff was only about 15 at the time, but we made four and a half redundancies over a two or three-year period after VSU was introduced—about a third of the permanent work force. The guild also employs about 60 casual staff and we were able to maintain those, but often at a reduced number of hours. They are people who work in our coffee shop, our tavern, our sport and recreation centre. We cut back hours in the coffee shop. The library is open seven days a week during teaching time and we used to have the coffee shop open all Saturday and Sunday to provide coffee and food for students who were studying. We now do not open at all on Saturday and have reduced hours on Sunday. Naturally the number of casual staff we employed in that area has been reduced as well.

**Senator CROSSIN**—You would put to this committee that the VSU legislation is successful; it would lead to job losses on union campuses.

**Mr Mahney**—Definitely.

**Mr McDonald**—No doubt about it.

**Senator CROSSIN**—No doubt about it. Is that your response?

**Mr McDonald**—We have estimated that the turnover in the sector would probably contract by about \$400 million to \$500 million. Bear in mind the amenities and services fees only represent about 20 per cent to 25 per cent of the turnover of the sector, but the flow-on effect of reducing the amount of amenities and services fees would run to about half a billion dollars per annum. That half a billion dollars would translate inevitably, of course, into job losses.

**Senator CROSSIN**—Thank you.

**CHAIR**—You mentioned the international students. We have not seen a submission from the international students. Have you had any dialogue with the international students about this particular issue and the prospect of the services being reduced?

**Mr White**—Yes, I have. International students, as part of their visa conditions to Australia, are not able to criticise government policy and, as a result, many international students are very cautious about being able to put their name on submissions. They believe they would lose their visa. There is a visa condition when students come to Australia not to get involved in anti-government activity. However, I do know two things: firstly, a lot of international students are quite concerned—and their parents—about the fact that some of the services they need for support when they come to Australia will be decimated, or cut into 10 pieces. That is a trendy word nowadays.

They see advertising going to other countries—and here is an example from the IDP—talking about clubs and societies and support mechanisms for students, campus life and making friends. We all know that if you come from another country to study in Australia, the friendship network is the No. 1 issue international students want to maintain. You will not see a submission from international students because of the issue of their visa. We know the international students have gone to some of their consuls and that will take up a different angle, because the consuls will get involved. They are saying, ‘Here is a country which is advertising these support services for students when they come to Australia.’

There are nearly 8,000 international students. We have a massive orientation program; three a year. We have support mechanisms. We have associations—about 10 different nationally based associations. As a country we just cannot afford not to advertise the fact that we are providing these services as part of the total education experience in coming to Australia but we cannot then say, ‘Well, we are going to get rid of these services.’ It is an outrageous comment by the government to say that these services are not important. International students do use the services. They are heavy users of it. They do not have a family network; they do not have a friendship network until they come to Australia. What we do is develop that network.

I would like to table these IDP documents which highlight the information available that is going to international students. It is on the web site. It is also in the different trade missions that go around different countries. International students definitely need support when they come to Australia. The unions on each campus have a massive responsibility and have an opportunity to assist in making sure that the total experience the student has is well remembered, so that when they go back to their country they will then tell their families and friends, ‘Yes, Australia is a

great place to come. There are support mechanisms and services available and I had a good education experience.'

**CHAIR**—What embassies or consulates are you aware of which have been approached concerning this matter?

**Mr White**—I understand the Malaysian consul has been approached. I am not sure of the other ones. I am not sure of the timing of it. I know the students are going to approach their consuls.

**CHAIR**—Thank you.

**Senator STOTT DESPOJA**—In light of those comments in relation to international students, does ACUMA have a position on, or individually do you have a position on the increased visa charges for international students and, indeed, the increased cost of registration for providers? That was part of the budget reforms announced this year.

**Mr White**—ACUMA, as such, has not had a policy on that, but the National Union of Students and CAPA have.

**Senator STOTT DESPOJA**—In relation to conscientious objection—in your submission you talk about freedom of association—I acknowledge a reference to the ACCC's recent ruling. Does ACUMA have a position in relation to conscientious objection clauses? Is that something you encourage university unions to have as part of the university constitution? Is that the case on all of your campuses?

**Mr White**—The Victorian act has a specific requirement which allows a student to not become a member of the organisation. On the enrolment form the student has the ability to say, 'I want to become a member' or 'Not become a member.' In Victoria all students can contribute to the provision of the services under the Victorian act. They also have the opportunity to decide to become a member, or not become a member, on the enrolment form.

**Senator STOTT DESPOJA**—Do you know what happens to that finance? In relation to RMIT or the broader Victorian experience, do you know what happens to that money if students elect not to join the union? What happens with the financial contribution?

**Mr White**—All the money, under the Victorian act, is university money. The university then has service agreements with different providers, which includes on our campus the RMIT union and the student union and student services, which is a department of the university. That money is then allocated by the university to different providers on a service agreement.

**Mr McDonald**—If I could possibly answer the question at a national level, the most authoritative source of information on this issue—of whether students have the right of freedom of association and what is happening at which universities—is the survey conducted by the Australian Vice-Chancellors Committee in 1998. It identified that several universities do not have opt-out provisions. The first thing that needs to be said is that not all universities are providing students with a choice. The second thing that needs to be said is that the ACCC highlighted concerns they had that the choice was not an effective choice. They pointed out that

at James Cook University over the last four or five years only four or five students took the choice. The ACCC criticised the way the university had implemented those provisions and said they had buried the provisions in the fine print and it was not a real choice for the students. In a nutshell, it is fair to say there are some weaknesses in the opt-out mechanisms, the way the choice is communicated to the students nationally and in the way the universities interact with the students in providing choice.

The ACCC has sent a signal to the industry, via the James Cook ruling, that it will not tolerate that. At the annual conference for the sector, which is coming up at the end of November, there will be presentations to the industry to convey how they should conduct themselves in light of the ACCC decision. The industry has taken note of the ACCC's reasoning in the Townsville case.

**Senator STOTT DESPOJA**—Any other comments on the opt-out provision?

**Mr Mahney**—In Western Australia, with the legislation which came into effect this year, students can opt out. All the students pay the money and students can opt out of membership of the student guild. The money from those students is put into a separate pool, then the university consults the students who have opted out and consults with the student body and then puts it towards services and amenities for students for the campus.

**Senator STOTT DESPOJA**—Right.

**Mr Ashwin**—The opt-out model is obviously at the University of Sydney. Whilst reiterating Peter McDonald's comments that some people may view them as not perfect, the clause is there and it goes into a bursary fund to be allocated, in consultation with the student organisations, to the university.

**Senator STOTT DESPOJA**—I think you all know my views on voluntary student unionism, but I just wanted to get that question and those answers on record regardless. I am not sure to whom this is best addressed, but have you met with Minister Nelson since the announcement of the reforms, if not the tabling of the legislation?

**Mr Ashwin**—We had tried for some time to meet with the minister, obviously to express our position and be able to conduct some dialogue. We were successful in recent weeks in meeting with the minister's adviser, briefly, to talk about our submission.

**Senator STOTT DESPOJA**—Katherine Murphy?

**Mr Ashwin**—Peter Lane.

**Senator STOTT DESPOJA**—Yes.

**Mr Ashwin**—That was in the week preceding the introduction of the legislation into parliament. Basically the meeting highlighted the fact that the government was committed to introducing that legislation on the Wednesday and this is what the legislation will be.

**Senator STOTT DESPOJA**—What about former industrial relations or workplace relations minister, Tony Abbott? Have you had any success in contacting him? Have you tried?

**Mr Ashwin**—We did meet with Tony Abbott in that same period when we were in Canberra. We expressed our position on the issue and the government legislation and reiterated the potential impact that this could have on the industry.

**Senator STOTT DESPOJA**—Do you have any intention to meet with the new workplace relations minister, Mr Kevin Andrews?

**Mr White**—He is on our list.

**Senator STOTT DESPOJA**—Good luck! In relation to your consultations with the Australian Vice-Chancellors Committee, the evidence that we have heard as a committee indicates that the AVCC obviously as a group is strongly supportive of your stance and strongly opposed to VSU. Is that your understanding?

**Mr White**—Yes, it is. Many of the individual vice-chancellors and also some of the officers of the AVCC publicly support the provision of services and amenities and student organisations on campuses for the whole campus experience.

**Senator STOTT DESPOJA**—You mentioned meeting with individual vice-chancellors. Do you have a sense of the number of university councils or senates that have met to either discuss or pass resolutions in relation to the voluntary student unionism proposals—not only university councils and senates; that would also apply to guilds, students associations and unions? Are you aware of much debate on campuses?

**Mr Ashwin**—Obviously I can only speak from Sydney's point of view. The senate of the university has reiterated its policy on VSU. That was the issue in late 1998 and that was reaffirmed in 2003.

**Mr McDonald**—You will note also that a number of the vice-chancellors' submissions to this inquiry have also stated their concerns about the ramifications of introducing these changes.

**Senator STOTT DESPOJA**—True.

**Mr Mahney**—At Murdoch University our senate has on a number of occasions expressed its support for the guild and for the fees. In fact, it also put its money where its mouth is over the lean years of the VSU. Last year the guild was required to take out a substantial loan from the university to get it through the year. The university saw the benefits that the guild was able to provide and the sorts of services which the university would have picked up if the guild was not there. That is a very real illustration of the value the university puts on that. Also, the guild—because it was running out of money—was not able to do things like fix the leaky roof of the gymnasium and do other repairs. It was not able to refurbish any of the buildings which it used. It was not able to pay any lease fees to the university. This year, since the new state legislation has come in, we have been able to start doing things. We have contributed to fixing up the leaky roof and so on.

**Senator STOTT DESPOJA**—That brings me to the question of alternate arrangements. In response to Senator Crossin you talked about some of the deficiencies in relation to commercial enterprises coming in and trying to do some of the work that a student union does. What universities are you aware of that have started to discuss what they would do in the event of this legislation passing? Witnesses—be they vice-chancellors or student organisation representatives—who appeared before the committee last week, for example, said that their universities had indicated there was no money to replace the services that were previously provided. Is that your understanding? Have you had an opportunity to talk to institutions or student organisations to find out what they would do?

**Mr White**—I think the discussion is going on right now. The point that needs to be put across is that the compulsory fee that students pay in some universities does not all go to the student organisations. Some of the money is kept and used by the universities for the provision of services. The last AVCC survey a few months ago highlighted, university by university, where the money was going. I do not know if it is on the record but it was done by the AVCC in May.

If at RMIT our service income went down, the university would need to find the money out of their own operational grant to subsidise a lot of the services that we provide. The university agrees with the services we provide now, otherwise under the Victorian act we could not get the money anyway. We have to enter into a service agreement to say, ‘Yes, we do want to run a child care centre; yes, we do want to run welfare services; yes, we do want to run support for international students; and yes, we do want to run the operating costs of our buildings.’ I think universities will have to find the money out of their own operating grants.

**Mr McDonald**—I would have thought the universities would pick up something like 20 per cent of the gap. They will put some money in but they would not replace the ASF and they could not replace it. Some universities would find it more difficult than others. There are some universities which possibly would not put any money in, simply because they do not have the money to spare.

**Senator STOTT DESPOJA**—I have a final question. Mr White, you referred in your opening remarks to philosophy. I know you have spoken before about, and certainly in your submission you allude to, the holistic campus experience and that is why unions are such an important part of that. Could you elaborate on that? In your submission you refer to only one response in relation to the additional comments that were asked for from people who were a part of the survey. Can you perhaps convey to the committee the importance of student unions in addition to all those things we have covered today like services, job losses, et cetera, that may happen?

**Mr White**—Sure.

**Senator STOTT DESPOJA**—What is the philosophy behind it?

**Mr White**—It gets back to the fundamental idea of what university education is about. It is not like going to Coles or Safeway and buying baked beans, and at the end of the day you just bought a service. Most people who have gone to universities remember all the non-academic activities during the time that they were at university. It is a whole experience. Members of the Senate who have been to universities will remember the things that they did outside the



academic classroom. It is that time of your life when you are returning to activities and university as a mature age student or straight from high school.

University experience does a lot to grow the whole person. That is part of the issue where we are fundamentally at odds with the government, on the basis that the part of the university experience that is being overlooked is all those other things that go on, and all those support mechanisms. We help in retaining students, instead of them dropping out. Craig McInnes of Melbourne University has been doing surveys in relation to the first-year experience. Usually the loneliness and the fact that the student does not feel a sense of connectedness to the university is the reason they drop out.

The government has a major agenda to make sure that the drop-out factor at universities is reduced. The sorts of services that we provide, and the opportunities and networks through the clubs and through activities, help students get to know each other. We are trying to make our society a diverse one. The fact that we have students from different countries in the same club and the same group means that students who come from different countries get to know other students and their behaviours, their beliefs and their attitudes.

The government I think is concentrating on a part of it which has to do with the freedom of association, which is part of their philosophy. But the part that is being overlooked is all those other intrinsic benefits of being a student on a university campus. If you ask any of the Senators, privately, the sorts of things that they remember about their time at university, they will not remember the chemistry laboratories, they will not remember the classes they went to; they will remember their friendship network and their lifelong learning.

Universities are trying to get students to come back as returning students. They want alumni of universities to feel good about their universities. What effect is this going to have on alumni when they say, 'Yeah, I went to that university but, boy, it was just like a bloody factory where I just churned out and bought the baked beans'? In 10 and 20 years time you want the alumni to have a real 'feel good factor' about the university experience, and we are part of that.

**Senator STOTT DESPOJA**—Maybe it is time to do a survey of Senators and members, if you are confident of those views. I do think you are right but, mind you, a few of us got our training for the Senate in university unions, so it is probably worth testing us. Thank you, Chair.

**CHAIR**—I have just one final question. The Senate has had evidence through its estimates committees that there are growing complaints from international students about the failure of universities to meet this criteria of mixing more broadly; that the development of the programs is such now that there tends to be an overconcentration of international students where they do not get the opportunity to meet other students, particularly Australian students. Have you heard complaints from international students along those lines? Obviously this proposal would extenuate that difficulty if it is in fact true.

**Mr White**—There are some examples where we know that sometimes a student will come from a particular country and there are not many students from that country. What we try to do, through our orientation programs, is to make sure that students do meet each other—firstly, from their own country; secondly, students who have similar interests. The main area where we try to

get students to join is through our clubs. If a student plays badminton, he will get to know other students.

We believe very strongly that the student needs to feel at home, with a network, a support mechanism, and that they get to know other students. We are continually working on that. I would not like to go to a country and find out I did not know anyone and be studying in isolation. I want to meet people with similar interests. That is what we do. We know it is an issue and we go out of our way to work with international students to get them to own the processes and also to own the activities, so that international students have a sense of belonging.

**Mr Ashwin**—Student organisations are also a critical component for regional students. Regional students come to university campuses and are left alone. They come in and their first introduction to university and meeting new people is through an orientation program. Their friendships are formed through that first instance where they meet housemates and learn of people in their own course who, through their three- or four-year degree, become lifelong friends.

**CHAIR**—Thank you very much for your appearance here today. The committee stands adjourned. We will have a short private meeting to discuss the rest of the program.

**Proceedings suspended from 9.56 a.m. to 10.15 a.m.**

**CREWOTHER, Dr Rodney, President, University of Adelaide Branch, National Tertiary Education Union, South Australian Division; and President, National Tertiary Education Unit, South Australian Division**

**SLEE, Mr Ronald George, Vice-President, Flinders University Branch, National Tertiary Education Union, South Australian Division**

**ZOLLO, Dr Judy, Vice-President, University of South Australia Branch, National Tertiary Education Union, South Australian Division**

**CHAIR**—Welcome to the South Australian branch of the NTEU. Would you like to introduce yourselves?

**Dr Crewther**—My discipline is physics at the University of Adelaide. I am also an elected academic on the university council.

**Mr Slee**—I am also an elected staff member on our university council.

**Dr Zollo**—I am a lecturer in the School of Nursing and Midwifery at Uni South Australia. I am not an elected member to our council.

**CHAIR**—Thank you. The committee has before it submission No. 442. Are there any changes you would like to make?

**Dr Crewther**—None that we are aware of.

**CHAIR**—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. I now invite you to make a brief opening statement.

**Dr Crewther**—Thank you. The government's proposals have certainly united the university sector in opposition, for some very good reasons. Generally the reasons are that the micro control of disciplines and industrial conditions and managerial practices in a university would really stifle the system and the university's loss of autonomy would, for example, seriously affect international reputations. International reputations of universities do depend on having an identifiable, autonomous body. There is a problem with students losing the union's services and university staff would lose some standard industrial rights to have their interests promoted and defended by a union. That is just general and I am sure you will hear that elsewhere.

The serious concerns for South Australia can be summarised quickly as follows: we are very concerned that the full funding of marginal students, which we generally welcome, will be also accompanied by a shift of HECS places away from the state. What we point out is that we are already well below average for the participation rates which we consider to be the more important figure. I will just alert you to the fact that my vice-chancellor, when he comes in after us, will be bringing in Professor Graeme Hugo, who is an acknowledged expert in such matters.

The figures we have given come from the Phillips Curran report and I understand, from Professor Hugo, that he is going to confirm them.

The second serious concern for South Australia, as a general one, is what we consider to be a lack of equity for this state in that since the proposals for full fees and higher HECS tend to generally favour people who are better off, families who are better off, that is not going to help here because the salaries in South Australia are below the national average. We think, whether or not one agrees with the proposals for full fees and higher HECS, it is not going to do us any good in this state. Lowering of the university participation further will then just nip in the bud a turnaround in the local state economy, which we think we see. I do not think we need to go any further. We will be happy to answer questions individually.

**CHAIR**—Thank you very much. On page 42 of your submission you state that the new funding arrangements will deliver much less money for South Australian universities than the present arrangements. So the DEST estimates are wrong?

**Dr Crewther**—I am sorry, I do not have the same page number as you. Is this in the branch submission or the division submission?

**CHAIR**—In the branch submission. It is page 3 of your submission, 42 of our submission. Do you see the table on page 3?

**Dr Crewther**—Yes.

**CHAIR**—There is table 1 and table 2. You are saying there is a difference between what the Commonwealth claims will be the advantage and what you say is the disadvantage.

**Dr Crewther**—I will have to take that on notice because I would have to refer to the NTEU national office, since they provided us with that. We are relying on them for the accuracy of those figures.

**CHAIR**—Have I understood it correctly: you are suggesting that this state will lose money out of this package?

**Dr Crewther**—According to the figures done nationally, yes.

**CHAIR**—That is not taking into account the effects of the changes in industrial relations or governance, both of which, I would have thought, universities in this state would have some difficulty meeting.

**Dr Crewther**—In governance, it depends on what detail is going to be required. The councils at the moment are close in size to the 18 required by the federal government; in fact, you have 21 on the council. The make-up of those councils would not be exactly what the government's proposals would correspond to; it is just a question of what detail they would want there.

**CHAIR**—They do not want you to be represented on the council, for a start.

**Dr Crewther**—That is true. If they do not have any staff then of course you would have a council which would really be disjoined from the university itself and really not know what is going on. At the moment there are changes to the University of Adelaide Act going through state parliament.

**CHAIR**—Will they remove the staff representation?

**Dr Crewther**—No, they do not.

**CHAIR**—So they will not be consistent with the protocols?

**Dr Crewther**—Not on that ground, no.

**CHAIR**—Do you have any elected politicians or members of parliament on any of your councils?

**Dr Crewther**—No, they were removed in 1996.

**CHAIR**—There are none here at all?

**Dr Crewther**—None here at all.

**CHAIR**—It would be a question of student and staff representation.

**Dr Crewther**—Yes. There could be a question also of the delegation provisions, already in the UniSA and Flinders University acts and which they are trying to put into the University of Adelaide Act, which is that you can delegate the whole of council's powers to any committee you like. That will be against the federal government's proposal.

**CHAIR**—There are other provisions of those proposals that some have said might be positive—that is, the suggestion that the university council should take a greater role in supervising the work of university executives; namely, they should provide more of a monitoring role to the vice-chancellor. Have you had any discussions with the vice-chancellors about this matter?

**Dr Crewther**—I have not personally. I do not know if other members of my organisation have.

**CHAIR**—Can I turn to the industrial relations issue itself. What is the impact of the government's proclamation, from Monday week ago? What is the impact in terms of your negotiations with regard to the new EB?

**Dr Crewther**—The next day we were told simply that we will need to accept the government's conditions. That is a very strange situation because we do not know what is going to happen in the legislation. Our attitude would be simply that if it is the law we will obey it; if it is not the law, it is just part of a suggested package and we treat it as part of the suggested package—not that we like the package very much, but that is separate. It has left enterprise bargaining in limbo. We do not know what the basis upon which we negotiate is.

**CHAIR**—Have you had any discussion with the vice-chancellors as to their attitudes towards this proclamation?

**Dr Crewther**—Not personally and not with my vice-chancellor.

**CHAIR**—Have any of the other witnesses?

**Dr Zollo**—I have not had any personal interaction with the vice-chancellor or, indeed, the project-vice-chancellor who will be appearing with her today. I am certainly locked in EB at the moment with him and have not heard from him whether that is going to impact on the progression of enterprise bargaining. I have read our vice-chancellor's submission in some detail.

**CHAIR**—Do you have anything further to add to that?

**Dr Zollo**—Anything further to the fact that I have—

**CHAIR**—To the submission we have before us.

**Dr Zollo**—No, I do not.

**CHAIR**—Thank you. Perhaps I could go through some specifics in your submissions; the University of Adelaide submission first. You say that you think there will be a shift of your students to the eastern states. Why do you think that will happen?

**Dr Crewther**—Because typically the bureaucracy would use demography as the key to that and they would look at the shift of population; whereas we would argue that the real figure that matters is the participation rate. We would argue that if you look at the current participation rate in South Australia, that is below average and so, despite the negative demography, we are actually less than where we should be already. What you should do is leave it as it is until the participation rate reaches a satisfactory level.

**CHAIR**—You are saying that Flinders requires a 10 per cent cash injection to get back on to an even keel. Is that right?

**Mr Slee**—We believe it would be at least that.

**CHAIR**—What is the current situation, so far as you are concerned?

**Mr Slee**—In recent years our student staff ratios have increased dramatically. That has adversely affected the quality of the teaching and the research and, indeed, the community service which academic staff and other staff are able to provide. We have had to find savings in a number of other areas and therefore we are now in a situation where we believe we need some additional funding to make up for that decline over the last decade or so.

**CHAIR**—What areas do you think are likely to be cut further, as a result of this package?

**Mr Slee**—That is hard to predict. I would think that, since the majority of the operating grant is spent on salaries, that would be the area the university is forced to look at in the first instance. Exactly which salaries is not something that, at this stage, we have had any formal discussions with the university about. Indeed, for the next round of enterprise bargaining, our formal negotiations have not yet begun. They are due to commence later this month.

**CHAIR**—Have they been put on hold?

**Mr Slee**—No.

**CHAIR**—So you expect that to continue.

**Mr Slee**—We will begin our negotiations even though the outcome of the government's proposed legislation is, of course, still not known.

**CHAIR**—In regard to the University of South Australia, your submission puts to us your concerns about the learning entitlement. In your judgment, who will be hit hardest if the learning entitlement proposal is accepted?

**Dr Zollo**—Across the board, the profile of our university is quite different from the others. A lot of our undergraduates, in fact a lot of our students, are older than 25. They have come in through diverse paths, not traditional paths. We have a lot of students from families where they are not well prepared, either in the home environment or the school environment, for a university education. They often take a while to settle in and may move between courses. The student cohort of our university has a high number of women, because of our large numbers of education and nursing students, and a high number of students from lower socioeconomic status groups. We try to encourage Indigenous students as well.

I think these are the kinds of students that are going to be disadvantaged by the learning entitlements because they are the kinds of students who take a while to settle in and may move from one course to another. Because of other demands on their time—we have a very high number of students who are engaged in paid work, some of them up to 30 hours a week—they may also fail a course or two along the way. I would say the typical University of South Australia student is from these groups that we have tried very hard to welcome into the learning environment at the university.

**CHAIR**—Doctor, you may not have had the opportunity to read this legislation very carefully because it has been in circulation for only a little while, but it says here in section 104(15):

The minister may determine in writing that (a) a specified course provided by a specified higher education provider is a course in relation to the FEE-HELP assistance or is unavailable or (b) all courses provided by a specified higher education provider are courses in relation to the FEE-HELP assistance is unavailable.

In other words, the minister can pick and choose which courses and which institutions are able to get assistance from the various loan schemes that are available. Were you aware of that?

**Dr Zollo**—Are you talking about the student scholarships?

**CHAIR**—These are the assistance programs, the loans rather than scholarships.

**Dr Zollo**—Not the \$2,000 and \$4,000 scholarships?

**CHAIR**—No. These are the loans.

**Dr Zollo**—No, but I am aware that, certainly in my discipline, HECS fees are being pegged or are not going to rise and that these students are going to be funded at a substantially lower rate than others. Could you tell me a little bit more about the loans?

**CHAIR**—The legislation provides for the minister or the government to provide interest-bearing loans for students that undertake study in Australian courses that are approved by the minister. My question goes to the extent of the prescriptions. Evidence received by this committee is that these are the sort of prescriptions we have not yet seen in legislation by a Commonwealth minister, this level of detail in legislation. What is your response to that? Is that something to be concerned about or do you think this is something reasonable that we should accept?

**Dr Zollo**—If they are interest-bearing loans, even if it is handy at the time, I could see that disadvantaging students in the future. They are going to start not only with a HECS debt, which in my discipline is a little less than others, but also with a big loan to repay. That sort of debt at the start of a working life disadvantages people from lower socioeconomic groups and is a disadvantage to a lot of women who may perhaps want to start working part time.

**CHAIR**—I appreciate that point. The issue goes to the level of prescription, though. Have you or other witnesses anything to add to that point? Is there a concern?

**Dr Crewther**—The issue of microcontrol is central: microcontrol of funding, microcontrol of the disciplines. You would have a university of Australia with a massive bureaucracy. All the time would be eaten up with that bureaucracy. In addition you have the situation where, if somebody comes out with some environmental result that happens not to be consistent with the policy of the government of the day, the government of the day could simply decide to squeeze that area. It is not the sort of thing you expect in a Western country.

**Senator TIERNEY**—I would like to start by considering the workplace relations aspects of the bill. Were you aware of the editorial in the *Australian* on 24 September, last week, that said that the government was not going far enough and should have AWAs for all staff across universities? This legislation does not go anywhere near suggesting that. All it suggests is that there should be provision for staff, if they wish to access AWAs, to do so. If a staff member wanted to do that, no compulsion, why is that a problem?

**Dr Crewther**—Staff members are currently able to get above the regular amount given by the enterprise agreement. The real issue here is as to whether the staff could be paid less than the enterprise agreement. The concern is that the people who will be disadvantaged are those with less industrial experience. For example, suppose you have a new person taking up a general staff position as a secretary at a school. They could be very easily bullied into accepting a lesser salary or working conditions simply because a manager just above them is pressed on the budget.



**Senator TIERNEY**—There is no requirement for them to initiate this. They could stay under the current arrangements if they were better off. They are not going to initiate it to get less money, surely?

**Dr Crewther**—Administration would.

**Senator TIERNEY**—Wait a minute. This is the staff member who, if the staff member wants to, can access an AWA.

**Dr Crewther**—As I understand it, the legislation says that all staff members will be offered workplace agreements, AWAs. Therefore I assume that would happen.

**Senator TIERNEY**—Would you show me where it says that?

**Dr Crewther**—It would take some time to fish through the legislation, but that was my understanding.

**CHAIR**—It is in the protocols.

**Dr Zollo**—I certainly recall hearing Brendan Nelson say on television last week that there would be no obligation for anybody to accept them. We have to demonstrate that we offer them. I do not want to put words in Dr Crewther's mouth but he is talking about—

**Senator TIERNEY**—If a staff member wants that, it should be available, but no-one is being compelled to do it.

**Dr Zollo**—We are saying that there is the potential for people coming in at ground level, particularly young people—and I would not say particularly women, but in many of these low level 3 and level 4 general staff positions a lot of them are women. I could certainly see an environment where they would be told. We have already had the example in our university of advertisements for general staff positions containing words that are outside the agreement. I see it as a 'thin end of the wedge' thing. I would not be at all surprised to know that in some areas of my university there would be managers in this position putting pressure on people to sign AWAs.

**Senator TIERNEY**—That is just an assumption of what people might do. The way the legislation proposes to set it up, if people wanted to stay under the current award positions, they are entitled to do that. We are not suggesting what the *Australian* was suggesting we should do. I will move on to the governance issues. You said you removed MPs in South Australia at some point. Senator Carr and I were both at various times members of the ANU Council. We are curious about the basis for that and what has been the outcome. I assume the universities have not collapsed as a result of the MPs not being there?

**Dr Crewther**—The recent history of the University of Adelaide is not a good guide. It is a good guide to what should happen. You would not want to happen what happened here. That is one of the things that is blamed for causing the problems in the council at the University of Adelaide. The history of this is as follows: in 1996 the then state government asked Alan McGregor to put together a report called *Balancing town and gown* to change the three university acts. The full recommendations of the report were accepted for Flinders and UniSA

but there was resistance at the University of Adelaide. Some of the conditions at Adelaide are somewhat different.

That is when the state parliamentarians were taken off the councils. The reason we want state parliamentarians there is that we regard it as important that you have politicians of opposing views on the council so that disgraceful proposals do not come up in front of the council. It is as simple as that. It is not because they are going to contribute business expertise, although some of them may have that. If you have opposing politicians on the council, then one side yells when the other side does something.

**Senator TIERNEY**—We are pleased you think we are of such great value.

**Dr Crewther**—We do.

**Senator TIERNEY**—I will move on to your comments on allocation of places and changing demographics across Australia. Your argument basically is that your participation rates are below average. How far below average are they in South Australia?

**Dr Crewther**—The figure is 3.5 and up towards 4. I do not have the figure in front of me. We can take that on notice.

**Senator TIERNEY**—Why is that, do you think?

**Dr Crewther**—I think the simplest explanation is that the salary levels in this state are generally lower than in other states. There tends to be a connection between participation rates and salary levels, simply because taking on a university career—whatever the conditions, whatever help you are getting—if you have less money as a family there is less chance that you will feel you are able to take on the associated expenses of a university education. It is as simple as that. I am sure Professor Hugo has a far more comprehensive view of this than I could possibly have. He is coming with my vice-chancellor.

**Senator TIERNEY**—We have greater gaps in demography if you go into a lot of the regional areas—say Western Australia, western New South Wales—which I would have thought nationally is a greater challenge for us.

I turn now to a table you have in your submission on page 4, which Senator Carr alluded to earlier. These tables sometimes are based on various assumptions. I would like to explore one or two of those. Before I do, you have the source there as the NTEU national office. What was their basis of working out these figures?

**Dr Crewther**—That is precisely why I took that question on notice from Senator Carr. We simply accepted they had done their homework. They are in a much better position to answer that than I am.

**Senator TIERNEY**—You have put on the *Hansard* record these figures and their effects, but you are not sure of the efficacy of the figures?

**Dr Crewther**—No, it is not that. It is simply that there are various figures available from various sources. There is Phillips Curran. My vice-chancellor can produce some figures. You cannot claim to be an expert in every figure that you are forced to refer to.

**Senator TIERNEY**—Let me give you an example. One assumption that would make a vast difference to the figures either way would be the funding of over \$400 million being contingent upon a number of conditions, including changes to the industrial relations aspect. Do those figures assume that there have been no changes to the industrial relations or do they assume the university has fulfilled that particular protocol? Whichever way you go, it is going to make quite a difference to the figures, I would have thought.

**Dr Crewther**—Yes, I understand your question. It is not in front of me, so I cannot tell you.

**Senator TIERNEY**—I am curious as to why you put the table in, if you are providing it for information and you are not sure what it means, particularly when you say that certain universities are going to be worse off when that may not be the case, depending on the assumptions that underlie the table.

**Dr Crewther**—We thought that since it was coming from national office it would be seen as not being South Australian biased.

**Senator TIERNEY**—Just union biased perhaps seeing it is from the NTEU?

**Dr Crewther**—It might be, yes.

**Senator TIERNEY**—The other thing it does not do is take into account the overall effect on funding. The important thing to a university at the end of the day is how much is in the total pot from all sources. Under our policies, there is the capacity for fees; under the Labor Party policy there is not. That would make a massive difference to your funding, whichever way you go on that. Wouldn't it be more honest to look at the total funding rather than just a source?

**Dr Crewther**—There are a couple of counterissues you have to separate out there. First, research funding is tied to research projects, so you have to take that out of any total before you start making comparisons. There is argument among vice-chancellors that research is not fully funded. I personally believe that teaching is even less fully funded than research, but that is a point of view. I think what you are saying is that if you allow the full fee paying option, then there would be more money in the system.

**Senator TIERNEY**—Fees.

**Dr Crewther**—Yes. The South Australian point of view is that, because of the smaller salary base, we see ourselves as being in a far weaker position in that. My university would be in a stronger position than the other two universities. That is quite clear. In terms of my university compared with its comparators in other states, it would be in a rather weak position. We do not think we have the same facility to raise funds in that respect. This is quite separate from the political question of whether we think that entry should be by merit or not.

**Senator TIERNEY**—You are critical of the government, saying that your universities would be worse off. Have you had a look at the Labor policy Aiming Higher, and effects of the funding on the universities in South Australia?

**Dr Crewther**—Yes.

**Senator TIERNEY**—Are you aware of a funding shortfall that has not been made up in relation to the proposed HECS changes in Aiming Higher, which leaves a \$218.9 million hole across Australia? The effect, university by university, is for Flinders \$4.8 million; Adelaide, \$7.4 million; University of South Australia, \$5 million—a total \$17.3 million loss across Australia.

**Dr Crewther**—I had a discussion with my vice-chancellor about that after both of us had seen the Deputy Leader of the Opposition, Jenny Macklin, separately. We had not concluded that. That was not the view I got from my vice-chancellor.

**Senator TIERNEY**—These figures are from the department of education in Canberra and the department of finance. On what basis does the university have an alternative financial view that proves this is not correct?

**Dr Crewther**—That is not right, Chair.

**CHAIR**—We all know the games being played here. I think the witnesses are only too well aware of what Senator Tierney's point—

**Senator TIERNEY**—On a point of order, Chair: I am asking the questions at the moment. I did not interrupt you.

**Dr Crewther**—I will answer. I saw this in the press. I have not seen any evidence, if you put the figures together, of what you are saying.

**Senator TIERNEY**—You have not seen the department of finance figures that show this? We can send that to you.

**Senator STOTT DESPOJA**—Dr Crewther, are you aware of any requests by general or academic staff for an AWA?

**Dr Crewther**—No.

**Senator STOTT DESPOJA**—Would you judge that demand is out there but you do not know about it or is it something that has not been drawn to your attention previously?

**Dr Crewther**—There is always the possibility that somebody has not drawn something to my attention but these days most people draw just about anything to my attention.

**Senator STOTT DESPOJA**—You reflected on the fact that already there are opportunities for some staff to top up or have an agreement—and this is relevant to all universities—that they can negotiate a different agreement.

**Dr Crewther**—That is right, and they do.

**Senator STOTT DESPOJA**—That is clearly on record—that there is that option?

**Dr Crewther**—Yes.

**Senator STOTT DESPOJA**—Your concern in your response, I think specifically to Senator Tierney, was the notion that one of the intents of this change or amendment would be to scale down or reduce entitlements or salary for some general and academic staff?

**Dr Crewther**—Certainly. I remember the interview given by the minister on television. He said there was a person at Griffith who complained that somebody down the way was only coming in half the time. I assumed therefore, through AWAs, they could pay that person down the corridor less. The proceeds could be used to pay the other people. I would suggest that a government policy on this should be based on a proper survey of workloads.

**Senator STOTT DESPOJA**—You are advocating that the government conduct a survey of workloads, or is it something that is more appropriate for the NTEU?

**Dr Crewther**—I think independent research would be a good idea. There has been a local workload analysis in my own faculty, the faculty of sciences. The figures were staggering—3,000 to 4,000 hours a year. That was for the academics. The general staff are not permitted to work that long although some of them try to.

**Senator STOTT DESPOJA**—You would not argue that the issue of AWAs is the real workplace environment or agenda issue. What are the real issues in universities for workers?

**Dr Crewther**—Workload. That is the first. For example, I think I am a good lecturer and appreciate people's view of my lecturing. It will go up from 116—this is just lectures, not tutorials—to 140 next year. You have to add contact hours—60 hours or 70 hours in tutorials or lab supervision—to that. It does not leave much time, when you consider how long it takes to prepare a lecture, to keep that research going and do all the other things you are supposed to do.

**Senator STOTT DESPOJA**—You have put in your submission the staff-student ratios for South Australian universities. At the University of Adelaide, between 1996 and 2002, you have presented us with an increase of 25.8 per cent. How does that compare with other institutions or the national average in terms of the increase?

**Dr Crewther**—There are figures somewhere else on that.

**Senator STOTT DESPOJA**—Dr Zollo, if you wanted to refer to the University of South Australia as well, you have 30.3 per cent.

**Dr Zollo**—Yes. Touching on what you were talking to Rod about a moment ago, we have had some independent research done both by the unions and our vice-chancellor. A recent report made by Shaun McNicholas indicated that the overwhelming issue on academic and general staff's minds was that of workload. In answer to that second question, between 1991 and 2000, the number of full and fractional teaching-only staff in the sector was reduced by eight per cent,

teaching and research staff by one per cent, while there was a 30 per cent increase in students. That is the sector. I know we have had a substantial increase. We currently sit at the highest ratio of staff to students of the three universities. I am not sure where we sit nationally but it certainly feels hard.

Most people I talk to say the one issue they really want us to get onto management about during EB is workload. In an about-face response to your question of, 'Have you ever been approached by anyone asking for an AWA?' in an upside-down response to that question, since the announcements of 17 September, when what we all expected was coming became more formalised, I have had numerous staff approaching me, including people who have been quite union unfriendly, saying, 'NTEU is not going to allow these AWAs through. Tell me that they're not. I've heard what happened elsewhere. Please would you give me a membership form.' We have certainly had a lot of concern expressed by staff.

**Senator CROSSIN**—So Tony Abbott has become the union's best friend in recruiting, has he, in 10 days? No wonder he was promoted.

**Dr Zollo**—That is right. We have had a lot of increased activity. It has been the AWAs that people have been homing in on. They are worried about them.

**Senator STOTT DESPOJA**—There are some delightful ironies in this legislation. Mr Slee, what about your experience at Flinders Uni? Any demand for AWAs? What would be the key workplace issues that you would identify?

**Mr Slee**—I know of no demand for AWAs. I think the administration of the university would be concerned about the workload associated with administering individual agreements. For a long time at Flinders University, the administration and the union have been able to work quite well in reaching agreements. I see and hear no enthusiasm for moving away from the current arrangements.

We have had an increase in student-staff ratios, not as large as some places, but Flinders University historically has prided itself on the quality of the service that it provides to students. We have traditionally had a greater proportion of the non-traditional students, or students from non-traditional backgrounds. Our student-staff ratios have reflected a particular emphasis to provide the sort of teaching and the sort of support which those students need to succeed. So if there was a reduction in funding from the government, that would make what has been a declining situation even worse.

**Senator STOTT DESPOJA**—Would you identify workload as the key workplace issue for your institution?

**Mr Slee**—Yes. Certainly amongst general staff there is an enormous amount of unpaid overtime which is being done. I am aware of the negative effect that has on staff morale and, in an overall sense, on the quality of the work which administrators provide.

**Senator STOTT DESPOJA**—You have mentioned the potential administrative costs—it may be something I will ask the vice-chancellors as well—but I do not know if the NTU in South

Australia have done any calculations as to the kind of figures you would be looking at for individual agreements.

**Mr Slee**—Not that I am aware of.

**Senator STOTT DESPOJA**—I understand there is debate at the moment concerning the South Australian government and amendments to the University of Adelaide Act. Dr Crewther, would you like to elaborate on that for the benefit of the committee?

**Dr Crewther**—Yes. The essence is that they want to allow delegation power by council not just to one committee, but as the trail is not yet cold, to another committee after that. This would open the opportunity for a lot of cost shifting between the state and a federally funded institution. Enough of that has been going on already in the open, but if you had a committee meeting in camera so that you would not know what was going on—as was attempted in fact three years ago—then you will have a situation where all sorts of money could be shifted, political embarrassments, or bits and pieces of things that you want to get done and nicely hidden away both from the public and members of the university council. That would be a great way to do it.

What happened a couple of years ago was that they attempted to do it but they tried to do it by delegation through a committee to the chancellor. I understand the state auditor-general advised that that was illegal and, as a result, no such delegations were carried out under that power. Now they are trying to change the act to do precisely that.

**Senator STOTT DESPOJA**—Where are they up to, in terms of that process?

**Dr Crewther**—In the upper house they are still in the second reading. Besides delegation there are the following other issues: first of all is the issue of penalties for council members who misbehave. This is a shambles because they have tried to rewrite the law on misconduct inside the act. There are various types of misconduct. You can take your pick as to which is better than the others. What is being urged from within the university community is that, yes, they should have some legislation to say when people misbehave, but let us have something that is legally solid. That is something which all members of the council voted on, at a special council meeting—to send a message to the state MPs to please hold back on that and do it for all three universities at once, if you are going to do it. We are first cab off the rank for all honorary organisations, apparently.

Secondly, there is the question of the committee which appoints council members. At the moment, that is a committee which the chancellor can draw up and in fact I had to fight to find out who was on the committee—the committee that would appoint council members. It is entirely secretive. The opposition in state parliament would like to make an amendment which specifies that the appointments committee contains an elected staff member and a range of people, so that you get some sort of balance.

The third big issue is the abolition of what is normally called ‘convocation’ elsewhere and what we call the ‘senate’ here. The proposal is that if you get rid of the senate, at least keep the bit where you have a meeting of the graduates and the academics and council members have to be there to answer questions.

**Senator STOTT DESPOJA**—Everyone is trying to get rid of the senate! I might ask some of the representatives from the University of Adelaide to respond to some of those issues. You are aware that the state government will be appearing before us this afternoon as well?

**Dr Zollo**—Yes.

**Senator STOTT DESPOJA**—We understand, as of yesterday, that the NTU has announced nationally that there will be industrial action in response to this agenda being put forward by the government. I presume the South Australian branch of the NTU has signed up to that industrial action as well. Is that the case?

**Dr Crewther**—Yes, we were there.

**Senator STOTT DESPOJA**—Right.

**Dr Crewther**—I was anyway, yes. It has reached the stage, as you will probably be aware, where it is quite difficult to get people in my branch to come out on strike. It is not the normal academic thing.

**Senator STOTT DESPOJA**—Sure.

**Dr Crewther**—But it has reached the stage where people are saying, ‘Somebody has to put their foot down and now is the time.’ It is particularly the micro control of the disciplines which is a really sensitive thing; political control of what your research results are going to be; political control of what you can teach; political control of just academic life; the sheer bureaucracy that would go with it, which would mean we would not have any time to teach anyway.

**Senator STOTT DESPOJA**—Is that unprecedented? Would you say that this is the worst raft of reforms?

**Dr Crewther**—It is totally unprecedented.

**Senator STOTT DESPOJA**—Or the least worst? Where do they sit?

**Dr Crewther**—Do you mean where does that sit in terms of the—

**Senator STOTT DESPOJA**—Interference in autonomy, whether it is through the governance or the industrial relations provisions?

**Dr Crewther**—Do you mean which is the worst from the point of view of the staff?

**Senator STOTT DESPOJA**—No, just in terms of the raft of reforms; in terms of their impact on autonomy.

**Dr Crewther**—The impact?

**Senator STOTT DESPOJA**—Have you seen worse?



**Dr Crewther**—I have never seen worse. We will be an international embarrassment. How can a university, which does not have academic autonomy, have an international reputation?

**Senator STOTT DESPOJA**—Thank you.

**CHAIR**—Just for the record, I indicate to you that under the Labor initiatives, just for indexation alone—bearing in mind the Labor package is a billion dollars larger than the government's package—Flinders University would receive \$6 million; Adelaide University, \$7 million; and the University of South Australia, \$11 million. The figures quoted here from the finance department are predicated on assumptions that we have already accepted the government's legislation and then have calculated from that basis, which is a somewhat foolhardy proposition. Thank you very much for appearing here today.

**Proceedings suspended from 11.04 a.m. to 11.23 a.m.**

**BOUMELHA, Professor Penny, Deputy Vice-Chancellor (Education) and Provost, University of Adelaide**

**HUGO, Professor Graeme John, Professor of Geography and Federation Fellow, University of Adelaide**

**McWHA, Professor James Alexander, Vice-Chancellor, University of Adelaide**

**CHAIR**—I welcome Professor James McWha and his colleagues. The committee has before it submission No. 227. Are there any changes that you would like to make?

**Prof. McWha**—No, there are not.

**CHAIR**—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. I now invite you to make a brief opening statement.

**Prof. McWha**—Thank you for the opportunity to appear before you. I would like to begin by saying that we have a number of areas of concern with this whole issue. I do not want to rehearse all of those. We support the AVCC position, and I could reiterate a number of the issues. We believe strongly that it is the responsibility of government to ensure that there are university education opportunities available for all qualified students. We also believe that indexation of funding is important and we believe that what has happened in recent years has already cost the sector something in the order of half a billion dollars.

We are concerned about the equity issues. We are supportive of our students, in the sense that our student bodies add a great deal of value to the university. We would wish to see the students determine their own future and the way in which those bodies operate. We are also concerned about the workplace relations issues, because we believe that ideological issues do not have a place—we should be considering educational outcomes as the consequence of funding.

The real issue that I wanted to bring to you today was our concern about the allocation of the new fully funded places, because as a South Australian university we are particularly concerned about that. We have within this state something in the order of 2,000 students who are over and above our quota—commonly referred to as ‘overload’ students. Our university here has something in the order of 1,100 students who are in the overload category. This demonstrates an urge by the university to accept the moral responsibility to try and give students a quality education.

We now fear that this whole measure will force us to reverse those students out of the system and that this will result in the loss to our university and to the state of something approaching 2,000 places. We therefore would require that at least that number of places be put back into the system from the new fully funded places, and we would ask that your committee do whatever it can to ensure that undertakings are given to that effect at this point, otherwise the educational opportunities for young people in this state will diminish.

The suggestions we have had to date are that the places will be distributed based simply on demographic projections. Our suggestion to you is that demographic projections are indeed not a good way to go about this issue. I have a short presentation on that, but we have given you copies of it which may prompt you to ask some questions. We think there are three underlying issues: firstly, to do with demographic determinism and the distribution of university places; secondly, relating to the role of universities in economic and social development—that is to say, the need to have a strong research university, the need to have student places in South Australia if the economy and social framework is going to develop in the future; and, thirdly, there are equity considerations.

We do know from a demographic point of view that there are a lot of students who currently move outside this state, so we already have a net loss of students from the state, despite our efforts to overenrol at the university and to keep them within the state. This is one of South Australia's principal problems, and we would refer you to other examples. If you looked at Oxford and Cambridge and the demography of the region immediately surrounding those great universities, you would make the decision to reduce their numbers. It would be an act of complete insanity to do something of that sort.

We are suggesting the same would apply for South Australia—that demographic projections vary. If you looked at Victoria 10 years ago, the demographic projection was for a substantial reduction over the 10-year period. Looking at Victoria now, we see that it is, in fact, one of the growth states. We believe that it is a responsibility of government to ensure that states have the opportunity to develop and that we do not simply follow demographic projections without giving serious thought to how to build the country, to build the nation, to ensure that our states have some sort of future.

Our students are not being produced for a local labour market; they are being produced for a national and an international market. There is the investment that the country has made in education and a quality institution such as this when we are a research driven university—the cost of building this is enormous. If we are going to start responding by moving places every five years so that we are winding down a university here and we are building one somewhere else, the costs to the country will be enormous and it will be damaging to those institutions. We suggest that students should be encouraged to move to where the quality education is available to them and that that is something that students are increasingly demonstrating a willingness to do. Indeed, it would be good for the country in terms of nation building.

That is really the core of our argument—that most Australian students now work and live away from their parents. Australia has a very high rate of residential mobility and both the students and the nation would benefit if we were able to ensure that students came to South Australia. We think it is important. We are the only Go8 university outside the Eastern States or Perth. There is one in Western Australia. All the rest are in the Eastern States. It would be very easy here to make decisions that would cause a further polarisation into the Eastern States.

We believe that it is a responsibility of government to ensure a balanced growth across the nation and to promote and develop nationhood. It also becomes an issue of equity for students if you reduce the number of places in South Australia. We have a larger poverty issue in South Australia than elsewhere. It will become increasingly difficult for our students to access a quality education, so we urge your committee to ensure there are guarantees that the overenrolled places

currently in the state are substituted by fully funded places to make certain, at the very least, that we maintain the educational opportunities in this state.

**CHAIR**—Thank you very much, Professor. The case you put is a compelling one. Have you taken this matter up with any of your senators from this state?

**Prof. McWha**—Yes, we are in the process of doing so. I have had a brief discussion with one member of your committee, and we are discussing this with some of the other members. But we do believe that it is a national responsibility to ensure nationhood.

**CHAIR**—Yes. I appreciate that you would be discussing it with Senator Stott Despoja. I am sure she will be doing a good job in terms of taking a representational role in this matter. I am sure other senators would as well. I am particularly interested in whether or not you have taken this matter up with Senator Lees.

**Prof. McWha**—I have had a brief discussion with her and we will be following that up in the next period.

**CHAIR**—The question about the legislation—when I had a chance to look at it—is one that has loomed large in our discussions around the country. I have spoken to a number of vice-chancellors about their impressions. Could you tell me, now that you have looked at the package of bills—there is probably 350 pages of legislation altogether—what your reaction was to the prescriptive nature of the bill?

**Prof. McWha**—Surprise, I suppose, would be an understatement; somewhat shocked at some of the issues. We believe that it is intrusive in a way that it does not need to be. We believe, for example, that industrial relations issues are best dealt with between the employer and the employee. We have a good relationship here with our unions and with our staff, so we were surprised to see the detailed prescriptive nature of that. In terms of our student body, we do not see why legislative determination needs to be made about whether students have a student union or otherwise. We believe they should, and we support our student union. They lend enormous support to the university. We were surprised at how prescriptive it was. We would prefer that it be more generic and charge the institutions with achieving outcomes rather than prescribing in detail how that should be done.

**CHAIR**—It has moved to a new system of funding, hasn't it—away from support for institutions to what they call a purchaser-provider model. It goes to the question of inputs. It suggests in this legislation that the Commonwealth minister should be able to control quite detailed matters such as courses. You said you were shocked. What was your response to the idea that the Commonwealth minister could determine whether or not you would teach a course?

**Prof. McWha**—I am not a great believer in central planning. I do not think it worked particularly well in eastern Europe, and I cannot imagine that we have better skills than they had in this area. Decisions on how these matters should be addressed are best done within the institutions. I do accept that whoever is paying for it has a right to specify some of the requirements that they have.

**CHAIR**—I do not think anyone in the sector surely would argue that. I notice for instance here there are provisions for breaching providers—the removal of providers from the system. Have you looked at those?

**Prof. McWha**—I cannot say I remember them in detail. This is to disqualify an institution from funding?

**CHAIR**—Yes. It is not just courses; it goes to an extraordinary level. Is that why you were shocked?

**Prof. McWha**—That is one of the reasons. There is a whole list of items in there. Again, if you were declining to fund an institution that was not able to deliver quality programs, then I think that would be something that could be justified. But you would have to have a process that would allow you to determine what the quality of those programs is or was. It comes back to the issue that I mentioned, I think, at the outset—that educational outcomes should be the driver in these sorts of areas.

**CHAIR**—It does suggest, though, that programs can be defunded; that individuals can be defunded; that courses can be defunded. It is not about just institutions. The level of prescription is far more dramatic than that. For instance, on the issue of international students, can you just refresh my memory on the number of international students you have at this institution?

**Prof. McWha**—We have around 2½ thousand, most of whom are onshore.

**CHAIR**—This institution has a good reputation in terms of the provision of quality programs onshore. It has not been subject to the same level of controversy that some of the offshore programs have been identified with, even from universities in this state. You have about 14,000 students?

**Prof. McWha**—About that.

**CHAIR**—It is a fairly large percentage of your load.

**Prof. McWha**—It is.

**CHAIR**—How do you respond to the proposition in clause 36-35, section 3: ‘The minister has determined that international students can only make up 50 per cent of any particular program.’ Were you aware of that?

**Prof. McWha**—I was not aware that was determined.

**CHAIR**—Yes. It says, ‘The percentage declared by the minister’—that is for the fully Commonwealth supported places—‘must be at least 50 per cent for all programs.’ The inference there is that the other 50 per cent could be used for full fee paying students.

**Prof. McWha**—Yes. I am aware of that one.

**CHAIR**—That is the logic of it. That applies to international students as well. Do you think that was intended?

**Prof. McWha**—I had not anticipated that that was intended. We had assumed that the 50 per cent related to Australian fee based students, in which case we did not have concerns about it. But if it includes international students as well, then there would be some programs where we would have concerns, yes.

**CHAIR**—That strikes me as a reasonable reading of the black-letter.

**Prof. McWha**—Yes. I will have to reread that.

**CHAIR**—Could you have a look at other sections of the legislation and indicate to the committee, by way of supplementary advice, areas that concern you regarding the prescriptive nature of this legislation. Around the country, we are hearing from a number of vice-chancellors, some of whom do extremely well out of this package—the University of Sydney, for instance; the University of Melbourne is another; even Tasmania: the Tasmanian vice-chancellor indicated to us that he felt he was misled about the nature of the legislation. Professor Brown tells us, ‘This is an ill-conceived commitment to voluntary student unionism. There is an overly tight straitjacket on the distribution and redistribution of government subsidised places. There is an excessive degree of control inherent in the discipline mix. There is a potential for gross intrusion upon university autonomy, academic freedom and student choice and a totally illogical link between increased funding and ideological components of industrial relations and the most significant defect is the failure to provide indexation.’ He says, ‘The proposals in this package are not sustainable in the medium to long term.’ Would you agree with these criticisms?

**Prof. McWha**—I agree with most of those criticisms, yes. On the very last one—where he says they are not sustainable in the medium to long term—I am not sure that we have enough information at this moment to be clear about that. They do potentially put some additional funding into the system. The funding that is going in is barely enough to keep the system afloat. In order to ensure health within an institution such as this, which is a research-rich institution and one which believes very strongly in that link between research and teaching, the sort of funding we are talking about would need to be heavily supplemented by the continued recruitment of more international students and other mechanisms, such as flexible fees, that would be available. In order to maintain equitable and easy access for students, looking some way into the future, we would be seeking more funding.

**CHAIR**—It does not surprise me that a vice-chancellor would put that view, particularly given the nature of the difficulties faced by this university in recent times. You have had a significant period of financial constraint. There were in fact very large deficits recorded here and a special advance on your grant was required—was it two years ago?

**Prof. McWha**—Yes, about two years ago.

**CHAIR**—So this is a very serious financial situation. I am not surprised that you would suggest that the present circumstances now—where the minister is acknowledging an underfunding of the system—should be welcome. You also seem to be suggesting that there

needs to be amendments to this package. What areas do you feel this committee should be recommending for amendment?

**Prof. McWha**—Setting aside the issue of research—which is basically not effectively addressed here but is very important to universities and where we would expect to see full funding rather than the current marginal funding—the areas where we would like to see reconsideration certainly are to do with workplace relations. We believe that should be a matter for the institutions working with their staff and their staff representatives. We would like to see a reconsideration of the issues surrounding voluntary student unionism. We believe that our student bodies are highly responsible and deliver quality services to our students.

We would certainly wish to see the indexation issue addressed because we believe that indexation is vital to the future health of the institution. We would also wish to see the number of fully funded places in the system increased beyond that which is indicated in the budget, because that is really a stand-still situation. We would like to see that further increased, but we would also like to see some guarantees given about how those will be distributed to ensure that areas such as South Australia do not get penalised. We would be keen to see the HECS repayment threshold raised further. We would support raising it to the \$35,000 area.

We would like to see more equity funding injected into the system so that students are able to come to university to study if they have the ability rather than if they are financially able. We would also like to see some attention given to the learning entitlement area. We understand what is trying to be achieved there but we believe a little more flexibility is needed, where students—for very good reasons—could be in breach of the proposed entitlement. We believe there needs to be provision made for students in particular circumstances. We are thinking here of students who have started a program and then developed an interest in another program, to be able to pursue that.

**CHAIR**—I have a couple more suggestions for you. What about the question of university autonomy, academic freedom and student choice?

**Prof. McWha**—In terms of university autonomy and academic freedom, I would hold that those are virtually constitutional guarantees—and if they are not, they should be. I do not know of any developed civilised country in the world which does not have healthy universities with a good institutional autonomy, but certainly guarantees of academic freedom. I believe that academic freedom sits alongside issues such as freedom of the press and the independence of the judiciary in terms of guaranteeing a healthy society.

**CHAIR**—Does this bill guarantee those things?

**Prof. McWha**—I think it comes very close to treading on the toes of academic freedom, in the sense that it is possible to interpret some of the clauses in a way which could allow interference by government in the content of programs that are taught to students. I hope that is not the intention, but I could not stand and put my hand on my heart to say that it is not.

**CHAIR**—Does this legislation in your mind protect university autonomy?

**Prof. McWha**—I think some aspects of it do. The removal, if you will excuse my saying so, of politicians from councils is probably one way of separating some of these. This is not, of course, an issue in this state. We do not have politicians or political nominees on our councils.

**Senator TIERNEY**—Universities have survived this, I take it?

**Prof. McWha**—Yes. Here we largely comply with the governance requirements in many ways. We have 21 council members and the suggested number is 18, which is not massively different. We do need to ensure students and staff are represented on the governance bodies, but I do not think that is threatened. Those issues are probably reasonably safeguarded.

**CHAIR**—Yes. The vice-chancellor at Melbourne—another great benefactor from this arrangement—I understand in some places has actually asserted that he was the driving force behind some of the push by the government. He told the *Australian Financial Review*, ‘I have a fairly strong feeling there will be universities that will say that the impact on the quality education we can offer, if we are forced to comply with these regulations, is not worth the money.’ How do you respond to that proposition?

**Prof. McWha**—I would say it is certainly debatable. If we were forced to go to the extent of complying with everything that we know of so far—and perhaps those issues that we do not yet know of—you would have to start asking that question. It relates to the industrial relations issue, where it is going to be very disruptive in terms of internal relationships within universities, but it also relates to the balance of programs taught.

Universities put a lot of effort into doing two things: trying to meet the demands of students, because students themselves are quite often the best judges of where the future lies in terms of the sorts of programs they should be studying, and ensuring that the content and make-up of programs and the balance between programs in an institution give an institutional integrity. To have somebody interfere with that at will could very well cause an institution to start developing a profile which would not be the profile that that institution would seek to have.

**CHAIR**—How do you reconcile that attitude with the position you have just put to us with regard to institutional autonomy?

**Prof. McWha**—So far we have not had indications that they are going to interfere to that extent. That is why I said it depends on how you read this legislation. The suggestion is that they might be quite choosy about where they would fund places. That could upset the balance, and I think we are treading a fine line here. I am hoping at this moment we are on the right side of the fine line, but we would certainly have to have a serious debate.

**CHAIR**—I put it to you this way: whatever one says about the current minister—and there is much that can be said on either side on that point—let us assume for the benefit of the doubt that your assurances are correct. This will be a piece of legislation that will be permanent. It will outlive the current minister. How can you be so certain of the future, given that this will be legislation to govern the actions of ministers of all persuasions, all political colours, all political interests? This will provide a Commonwealth minister of the Crown with almost absolute power to determine what goes on at your institution. Are you not concerned about that?



**Prof. McWha**—I would be, if I thought that was going to happen. As you say, when it is written in black and white there is a distinct possibility that it could happen. Universities, of course, are very good at resisting changes that are damaging to the concept of a university. It is one of the reasons they have survived for so many centuries.

**CHAIR**—They have also failed in many countries, have they not?

**Prof. McWha**—They have failed in some countries. Generally speaking, universities have failed only where either there is a poor government system—that is to say, democracy is weak—or the demands on them have caused them to not comply and virtually voluntarily put themselves out of existence. I am thinking here of somewhere like Malta, where the University of Malta—a very old university—would not comply with the demands of government and effectively disappeared, to re-emerge later under a more benign government.

**CHAIR**—Isn't that what we are faced with in respect of these propositions? If you do not comply, you do not get any money. Isn't that the choice you are now being asked to make?

**Prof. McWha**—I would not have interpreted it in quite those black-and-white terms. What we have here is the government seeing itself as a purchaser—saying it has the right to determine in which areas it is willing to buy a service from us. One could argue that that is not unreasonable, but it depends how far it takes that power.

**CHAIR**—One of your colleagues—Professor Ian Chubb—in correspondence he has written to the councillors, said, 'I am a member of that council.' I understand that council takes a slightly different view to you, on the issue of elected politicians on the council. In explaining the reasons for many of his colleagues defying the government on this issue of industrial relations he says, 'The first is that compliance is a requirement for the extra funding being made available in the federal budget, the second is that the requirements intrude deeply into how we are managing our affairs and the third is that they go beyond what we thought had been discussed with the minister.' How do you respond to that?

**Prof. McWha**—I agree with it. It does go beyond what we thought we had discussed. It does intrude, in the form of industrial relations and in terms of the way in which our students would have to react. It is supposed to be deregulatory, but there are a lot of regulatory requirements introduced. I would agree with him up to that point, but I suspect he would see it in rather blacker terms than I might.

**CHAIR**—Yes, I am sure that is the case.

**Senator TIERNEY**—This very comprehensive package of course has many elements. There is not only government funding; there is the freedom for the universities to raise funding in a number of other ways. Has your university done any projections on how the funding may change over the next 10 years if this package goes through, given the increased government money and the increased flexibility you will have with private money?

**Prof. McWha**—The changes we are seeing and which would probably be accelerated under this would be such that the proportion of our funding that would flow through government for educational purposes would continue to diminish—

**Senator TIERNEY**—What would happen to your total funding?

**Prof. McWha**—We would endeavour to continue to grow our total funding. We would do that by bringing in fee based students, international students and by seeking support from other sectors. We are seeing, for example, our external research and consultancy funding growing regularly, and we would need to continue that. One of the problems we have as a university is that we are not large. There are others around the country that are more than twice our size, but we are a comprehensive university and we are a research intensive university. To be comprehensive is to offer a wide range of disciplines—particularly the professional areas, which we believe are important for the country and for the state as well as for our students—and, in order to do that, the demands placed on our budget are fairly extreme. In order to maintain our research-rich position the demands placed on our budget are extreme. We believe that the state of South Australia, if its economy is to grow, needs a research intensive base in South Australia, and we are essentially it. From that point of view it is vital that we continue to grow our budget because the alternative does not bear thinking about.

**Senator TIERNEY**—A lot of Group of Eight universities have argued they need to compete in an international arena, particularly in the research area. This package, with increased government funding and increased opportunities elsewhere, gives you a much better shot. I suppose there is some disappointment, given the comprehensive nature of the package, that some of the Group of Eight vice-chancellors—given that it is giving them a much better situation than currently exists or they would get under Labor—want to cherry pick and say, ‘We like that bit; we won’t have that bit.’

I want to turn to one of those bits that a lot of VCs want to cherry pick; that is, the industrial relations arrangements, where the requirement is, under the proposed legislation, that AWAs be available—not, as the *Australian* editorial said Wednesday last week, that there should be AWAs right across the whole university sector. That is what the *Australian* was arguing but that is not what the legislation says. The legislation is quite minimalist. What is the problem? If a staff member wanted to access an AWA, why shouldn’t they be allowed to do that?

**Prof. McWha**—I do not think there is a particular problem if a staff member wanted to access one. You would have to say, ‘Why?’ We have a very flexible agreement anyway which would allow staff to meet all their requirements within the normal agreement.

**Senator TIERNEY**—What is wrong with a bit more flexibility?

**Prof. McWha**—The government requirement is not simply that AWAs be available should a staff member want them. That is maybe what we were expecting would have happened—not that we actually like AWAs all that much anyway. They are a stunningly clumsy mechanism. Maybe an individual contract for a staff member would be more appropriate. That is not simply the only requirement placed on us; there is a whole set of very detailed requirements sitting in there which would be very difficult to meet in many cases.

**Senator TIERNEY**—I have had a look at those. It might be a little bit fiddly. I would not have thought it was impossible to meet those.

**Prof. McWha**—As to whether it is impossible, it is interesting that the mere suggestion of it has already caused the staff to react by calling a 24-hour strike. They obviously do not feel that it is a fairly tame measure.

**Senator TIERNEY**—The unions called the 24-hour strike. Obviously the unions are going to oppose this because it upsets the cosy arrangement they have.

**Prof. McWha**—I would not underestimate the feeling that will run through staff. Whether or not they support a strike, I think there will be a strong feeling among staff that governments should not interfere too deeply in these matters. To on principle say we believe that staff should be able to access a different form of contract is one issue but to get into details such as saying unions should not be involved in dispute processes, or the university should not be giving the unions office space, is another issue—these sorts of requirements seem to be becoming micromanagement and more than a little intrusive.

**Senator TIERNEY**—You could go into a whole argument on IR and how it is set up in this country but let me move on to other issues, particularly relating to South Australia and the university. The first thing you talk about is demographic determinism. Earlier witnesses have said that the participation rate in South Australia is lower than in other states, as an argument against perhaps the way in which the pattern of places is set as to where the populations are growing. Queensland, having just stolen a federal seat from South Australia, would perhaps get an increase in the number of students, just following demographic trends. Has the university or South Australia done some serious work on this in terms of putting to the government that argument on participation rates as a basis for ameliorating changes in the shifting patterns in the future?

**Prof. McWha**—Yes, we have done some work on that. There are a number of issues. I might get Professor Hugo, who is an expert on demographic issues, to respond. My comment, before he does so, is simply to note that we believe that, whenever young Australians are developing the way in which they think about the country, it would be nice if they were encouraged to do so not as Queenslanders or Victorians but as Australians. The best way in which to do that is to engage them across the entire country.

**Prof. Hugo**—There are a couple of issues that you raise. One is tying the places in individual states to what are really short-term demographic projections which are questionable, not just demographically. There are substantial relatively short-term fluctuations, as we have seen with Victoria in the last decade. There are also very important issues about whether this should be targeted at the 15- to 24-year-old group, which is increasingly not the total university population. Increasingly we are attracting mature age students. They are drawn disproportionately from women. They are drawn disproportionately from disadvantaged groups—people who have not had a chance as a school leaver to enter universities. I question the whole idea that we are running the university system for people aged between 15 and 24 years. That is just on the demographic side.

The other question relates to the distribution of poverty within Australia. There seems to be an assumption that each state is the same with respect to that. South Australia comes out far and away the worst on every poverty index. There is a widening social polarisation occurring—

**Senator TIERNEY**—Lower than Tasmania?

**Prof. Hugo**—No, Tasmania is in a very similar situation. One of the elements in that polarisation is a very long history of low participation rates in universities. In fact, to me those figures are very robust figures which show those low participation rates. Not only that; they tend to hide some of the problem, in that we do have a net outmigration from South Australia of university students to other states as part of an overall exodus of youth from the state. There is an underestimation of the problem we have in this state with respect to participation.

**Senator TIERNEY**—Would that be driven to a large extent by course choice, given you have only three universities, compared to what it is in Victoria and New South Wales? They have a wider range, given there are more universities.

**Prof. Hugo**—It is a hard thing, in that there is no research to underlie it. There is really a significant need for research into student movement into universities taken across a whole range of issues, of which population mobility is one. Undoubtedly it is highly selective in terms of the income background that people have; in terms of the courses they go into—the higher end type courses. It does represent a very significant loss to the state, just like the overall movement of younger people.

What it is leading to is a further concentration within Australia of the eastern seaboard dominance of the whole economic and social system. It does seem to me that a demographically driven type of model is only going to exacerbate those trends for no particularly good reason. Why should the provision of universities be tied so tightly to population distribution when it is certainly not the case in any other of the OECD nations?

**Senator TIERNEY**—When there was the drift from Victoria to Queensland quite a while ago, the claim from Victorians was that they were smarter and on that basis they should have a higher proportion of places.

**Prof. Hugo**—We would never make that claim.

**Senator TIERNEY**—We probably would not argue that. Just on that last point, certain disciplines, like veterinary science or dentistry, would not be available in South Australia, would they?

**Prof. Hugo**—We have dentistry.

**Senator TIERNEY**—You would not have veterinary science. Are there any other broad disciplines or professions that are not available in this state?

**Prof. McWha**—There are none that we would be aware of. There would be some specialisms that would be available here and not elsewhere, and vice versa. Veterinary science is the only one that would come to my mind immediately.

**Senator TIERNEY**—The way ahead is that there are three choices: this legislation does not get through and the system does not change; or this does get through; or Labor, aiming higher, some day gets in. Have you had any consideration of that in terms of its impact on the University

of Adelaide, where it basically does not allow for fee courses and does put more back on the budget?

**Prof. McWha**—As I said at the outset, we support the AVCC position. We would wish to see the legislation passed but we would wish to see some modifications or protections built into it on the way through. We would support the AVCC position on those but we would also wish to see some protection built in for those universities or states who have to reverse overload. We would like to see some assurance that fully funded places would be made available to substitute for that.

**Senator TIERNEY**—Thank you.

**Senator STOTT DESPOJA**—I am not sure to whom to address this comment but, Vice-Chancellor, I will direct it to you: according to the analysis that has been done by the National Tertiary Education Union—and I presume this is before the modifications were announced by the minister two weeks ago—the difference between Commonwealth contributions plus HECS and the base operating grant in 2005 would see the institution worse off by around \$2,265,000. Does that accord with your figures or any assessment that the University of Adelaide has conducted?

**Prof. McWha**—Yes. I could look at Professor Boumelha but my memory tells me that we did some projection and came up with a range. That could be at the pessimistic end of our range. The optimistic end would be that we are very slightly better off. It depends on the assumptions you make on some of these issues. It certainly does assume, if you are going to be better off than that, that you are picking up the additional funding and that you are able to make use of some of the other freedoms that become available. We believe that it is probably break-even. Our projections suggest we would be slightly better than break-even, but we do accept there is a range that goes from slightly worse to slightly better.

**Senator STOTT DESPOJA**—Are you able to either table some of that modelling or provide us with some specific examples? I take on board, from what you have said, that your optimistic assessment would include access to that additional money under the Commonwealth grants scheme. Obviously, as you know, under the legislation or the regulations as they will stand, that will involve you signing on to workplace practices that you have described as inappropriate at least. Without that additional money, what is your next optimistic assumption? Does that still see you better off, even marginally so?

**Prof. Boumelha**—No, I think we calculated it as being about \$5 million a year.

**Prof. McWha**—Yes, I think our estimate was something like \$5 million a year worse off, if we were not able to access that. I can provide you with some background information on our modelling, if you like.

**CHAIR**—Can we just be clear about that. You are saying without the IR and without the governance, you would be \$5 million worse off in your assessment?

**Prof. McWha**—I believe so.

**Prof. Boumelha**—We think so, yes.

**Senator STOTT DESPOJA**—If you are willing to table that for the committee it would be beneficial.

**Prof. McWha**—All of our assumptions and our discussions with our staff are based on the premise that we can access that additional funding; if we cannot, then the future would look considerably bleak.

**Senator STOTT DESPOJA**—Assuming the package is passed, albeit with modifications, if you are placed in a situation where you have to sign off on the industrial relations changes, are you willing, as the head of this institution, to sign those individual agreements, or AWAs, for your staff? If you were faced with the prospect of agreeing with the industrial relations changes in order to receive that money, would you do it?

**Prof. McWha**—We would have to negotiate with the staff. We could only do it if our staff were agreeable to a point that we do it. We would not wish to have to go to the extreme that is currently being defined. If we are being asked simply to make provision for staff to have individual employment contracts, or AWAs, should they so wish—and we cannot imagine why they would normally wish to do that, given the flexibility of our current agreement—then we would certainly be willing to pursue that option.

**Senator STOTT DESPOJA**—Listening to you, but also hearing from others and reading other submissions, is this tantamount to blackmail? Giving universities additional funding and yet prescribing conditions that you have described as harsh and witnesses before you have described as among the harshest or the worst reforms ever in relation to their impact on university autonomy looks a bit like blackmail to me.

**Prof. McWha**—It is a very strong word. It would probably be unwise of me to use a word quite that strong, but certainly it is applying very severe pressure to institutions. Whether one used a word as strong as blackmail or not, it is certainly an intrusion into the industrial relations arena between an employer of an independent institution—we are not government employees—and their employees in a way that we feel is inappropriate.

**Senator STOTT DESPOJA**—In relation to the views of the university more broadly—obviously we will hear from student representatives shortly and we have heard from union representatives previously—has your council made a decision on or debated any of these proposed reforms? Is there a position on which you have voted and, if so, could it be made available to the committee?

**Prof. McWha**—I do not believe there is any position on which we have voted. We do currently take fee based students—that was a decision made in 1998. We are promoting that as an opportunity for students in the future. In terms of issues such as flexible fees and suchlike, no, we have not, on the basis that we were waiting to see what the outcome is in terms of the legislation passing through the houses.

**Senator STOTT DESPOJA**—What about the governance provisions? Is that something the council has looked at?

**Prof. McWha**—No. Again, there has been no particular resolution on that, on the basis that to a very large extent we already comply. We were hoping that there might be enough flexibility to say 18 to 21 or something—and 21 is what we have. Our council has already been downsized in the relatively recent past, so it almost complies with many of those requirements.

**Senator STOTT DESPOJA**—Regardless of whether or not you comply or almost comply, do you also see the governance provisions, or the insistence that you make those changes, as an interference in university structures and autonomy?

**Prof. McWha**—Yes. I would have thought that the government could reasonably ask for sound governance processes and for the institution to be able to demonstrate that its governance is sound, but to start to specify how many members should sit on a governance body or indeed the nature of those members, other than in very generic policy terms, is an intrusion.

**Senator STOTT DESPOJA**—You mentioned fee-paying students. I would like to ask specifically about international students. You would be aware that recently there was an increase in the charge—not only the visa that international students have to pay for but also the cost for providers. I understand the AVCC was opposed to that. Do you have a comment on those changes? Would you like to see the Senate revisit the decision to increase those costs and charges?

**Prof. McWha**—The answer to that is very simply yes. We simply see it as a tax on what is a successful part of our business. What the universities have done is responded to the pressures that have been placed on them by developing this whole area of activity. Now that the area is developed we are seeing government suddenly express an interest in effectively taxing it. Furthermore, we are seeing them go further than that, in the sense that they also want to have their teams of quality auditors roaming the various countries in which we operate, to conduct country assessments of quality. They are already doing quality assurance assessments of the institution—and that includes our international activities—so all this additional activity is something of a mystery to us. We simply see it as a means of taxing what is a successful activity.

**Senator STOTT DESPOJA**—Are you worried about the impact on the University of Adelaide in particular?

**Prof. McWha**—We are worried about the dollars it is going to cost us. We did a calculation, which I think was a quarter of a million dollars that we have to pay on the levy alone. There will be some other compliance costs, so the cost to the university becomes significant.

**Senator STOTT DESPOJA**—It would be interesting to see some of those figures, if you could also make them available to the committee.

**Prof. McWha**—We could certainly provide those figures, yes.

**Senator STOTT DESPOJA**—On the broader issue of fee-paying students in relation to moves to increase full fee paying undergraduate students or, more broadly, the increase in HECS with, as you have noted, an insufficient reduction in the threshold, we have heard from you today, particularly from Professor Hugo, comments about demographics and poverty in this region—and we also heard from the NTEU previously about the lower salary levels—and

therefore arguments about how sustainable those provisions are in our state. Do you think that fees are going to have an impact on the make-up of this institution? By that I refer to students who have been traditionally disadvantaged: lower socioeconomic background, regional and remote, and Indigenous students. Is the University of Adelaide looking at a changed demographic structure as a result of the fee increases in this package?

**Prof. McWha**—Professor Hugo may have views on this. Certainly it is a concern to us. One of the things that, as a university, we have resolved to do is to take 10 per cent of the funding that would be generated through fee based enrolments and put that back into equity scholarships to encourage participation of individuals or groups who might otherwise be underrepresented in the university. We have had a significant push on, in recent years, to encourage rural students and students from backgrounds that do not traditionally engage in universities. That has been moderately successful and we would like it to be more successful. We would like to see the government engage with more support for equity scholarships, more support for participation of some of those groups. Professor Hugo may want to comment.

**Prof. Hugo**—One of my disappointments with the document is a lack of concern in there with equity issues in terms of increasing the access of a wider range of students to the university. The one thing the increased flexibility does offer is a greater opportunity within the university to increase our equity activity. It does seem as though we are continually constrained in a lot of the equity efforts that we make, by just a lack of sufficient funding within the system to fund those opportunities. There is a commitment here to use the increased funding which we would get through the flexibility of the system to expand the equity activity. There is no doubt there is a need for it.

**Senator STOTT DESPOJA**—Is it not a double-edged sword, though? You are looking at providing additional support in the form of equity and access, but obviously the process or the channel through which you do that is through fees and charges being increased for students as a whole.

**Prof. Hugo**—Yes.

**Senator STOTT DESPOJA**—Is that a tough one?

**Prof. Hugo**—I guess I despair of getting the funding in any other way under the current circumstances. It does seem to me that all of the analysis we have done within South Australia and within Australia as a whole is that participation rates in poorer areas are going down, not just in Adelaide but in other cities as well. We are failing in our attempts to draw in people, particularly from poorer areas, to the university system. To me, it is a second-best option to having a comprehensive attempt at the national level to put real money into equity programs in universities. But it is better than what we have now.

**Senator STOTT DESPOJA**—My final question has been somewhat pre-empted by your comments, Professor Hugo, in looking at a comparison between our state and other parts of the country—and you have just said whether it is Adelaide or elsewhere—but my impression from the presentation today and particularly the supplementary submission is that South Australia is going to be potentially worse off under this package than other mainland states. Is that a fair conclusion, if the package is passed in its current form?



**Prof. Hugo**—Certainly in terms of places. There is no question about that.

**Senator STOTT DESPOJA**—Professor McWha, do you want to comment on that?

**Prof. McWha**—Yes. I agree with Professor Hugo. I think we run a very serious risk, unless guarantees are built in at the stage it is at now to ensure that this does not happen. We will see these overload places—those that are in excess of quota—reversed out of the system; we will see a reduction in opportunity and we will see more students leave the state to study and the cycle of economic depression and social disadvantage will be further increased.

**Senator STOTT DESPOJA**—Good luck with the other South Australian senators.

**Senator CROSSIN**—I have two areas I want to clarify from your submission. You say here that you generally support the principles of the Commonwealth grants scheme but it currently lacks fair and practical mechanisms to manage the unpredictability of student demand. What do you believe needs to occur to cope with student demand or recognise market demand and student demand?

**Prof. Boumelha**—One of our concerns here is something that Senator Carr mentioned earlier, which is the level of negotiation about particular course profiles with which we would be required to engage. It has been our experience that, sometimes for understandable and predictable reasons and sometimes for less understandable and predictable reasons, there are quite substantial shifts of student interest from year to year, and I think to be locked into providing only a very small number of places or a requirement to provide a very large number of places in a particular area would be a problem.

**CHAIR**—But it also implies that the Commonwealth minister can choose to shift load around the country, for whatever reason he or she chooses. For instance, if the minister is under pressure from the back bench to accommodate an interest in a marginal seat, then courses can be shifted to that particular location. Irrespective of the needs of South Australia, for instance, it could be shifted to Queensland or Victoria or anywhere else.

**Prof. McWha**—I think it could be that we are already seeing some of that in terms of the new medical schools that have been opened all over Australia. Normally medical schools require a considerable mass to give you the sort of quality and level of efficiency that you would seek and, by opening large numbers of these medical schools, it is debatable as to whether we are promoting that excellence, and we certainly would not want to see that happen in other areas.

**CHAIR**—The point is, under this legislation, this now becomes the norm if you wish it to be.

**Prof. McWha**—Yes.

**CHAIR**—There is no legal impediment to that occurring.

**Prof. McWha**—I guess my response would be that we are hoping your committee and the Senate would ensure that, at the very least, the total number of places within, in our case, South Australia is in some way protected to try and avoid that arbitrary movement of places in response to short-term political demand.

**CHAIR**—We are in office for a limited period of time. How is that possibly going to be guaranteed beyond the life of any one government, let alone one parliament?

**Prof. McWha**—I guess we were hoping you might find ways of embedding it in the legislation.

**CHAIR**—I see. We have this magic wand, you think?

**Prof. Boumelha**—I think you probably have rather more control over parliamentary processes than we have.

**CHAIR**—Yes. I am just alerting you to a little danger, if I might.

**Senator CROSSIN**—The other thing you say in your submission is that you support the concept of a learning entitlement. We have heard overwhelming evidence now in quite a lot of states about the impact of learning entitlements on mature age students and particularly on women. Why is it that you support the concept of a limit of five years for someone being able to undertake their study?

**Prof. McWha**—I think what we said is we support the concept but we do not support the detail that currently underpins that concept. The bit that we like about the concept is that we believe it is the first time people have actually been given a guarantee that they can access university education for a minimum period of time, but we think that that is too inflexible. We think that people who require longer than that—and there may very well be a number of people who do, for good reason; people who want to come back and engage in lifelong learning—need to be accommodated, and mature age students need to be accommodated. We like the idea of guaranteeing people the right to a university education of X years.

**Senator CROSSIN**—But you have that now, haven't you? There is a guarantee now, isn't there? People can move in and out of courses; they can extend courses; they can do double degrees. They can move in and out of their learning environment now without any restrictions. There is not a certain number of years placed on it before they are then converted suddenly to a fully fee-paying student. That flexibility is already there, I would have thought.

**Prof. McWha**—I am not sure we believe that there is currently a guarantee. We believe it is a question that has not been addressed at this point, but I do take your point. We do want to ensure that there is sufficient flexibility here for people not to be caught in an embarrassing situation. We would, for example, be keen to know how long it would take to refresh your entitlement. When would you be eligible for a further entitlement? In a lifelong learning environment that would need to occur on a fairly regular basis.

**Senator CROSSIN**—What percentage of your students are mature age students?

**Prof. McWha**—We actually have quite a low percentage in this university.

**Senator CROSSIN**—And the percentage of women?

**Prof. McWha**—About 50.

**Prof. Boumelha**—Around 50, yes.

**Prof. McWha**—It might be marginally over 50, but about 50 per cent.

**Senator CROSSIN**—In the undergraduate area?

**Prof. Boumelha**—I think one of our concerns about the learning entitlement is that there are possibly unintended consequences and consequential costs that would be associated with it. For example, in a situation in which a student really cannot afford a full start—that is, if you have got a year and a half into a program and realised, not for frivolous reasons but for good reasons, that you are in the wrong program and you really should be doing something else—not only universities but schools and others who shape decisions are going to need to provide very much stronger support for original decision making and choice making by students. There are some consequential processes and costs associated with some of these areas that will impact not only on the way universities run themselves but on the way in which agencies that interact with universities operate.

**Senator CROSSIN**—So why have them, because you can do that now, can't you? You can swap into another course after 18 months. There are currently no fees or no barrier.

**Prof. Boumelha**—Yes.

**Senator CROSSIN**—What is the purpose of it?

**Prof. McWha**—The purpose, as I understand it, was to ensure that that very small percentage—and it is a very small percentage—of students who stay in universities for a very large number of years do not occupy places within the quota that could otherwise be made available to students seeking to enter the system. We are turning away good students if there are old lags in the system. I have to say there are very few of those.

**Senator CROSSIN**—That is right.

**CHAIR**—The evidence is pretty limited on that.

**Senator CROSSIN**—That is right. Thank you.

**CHAIR**—I have one final question. I am deeply troubled by some of the material you have presented to us today. You seem to be optimistic that at the eleventh hour, five minutes to midnight, all these problems will be resolved; somehow or other, the government will see the light and realise that they have made a few mistakes along the way. We have seen so far the government respond to some pork barrelling. A number of universities have been put into the regional load. The base figure has not been changed. That has meant in the Tasmanian case, for instance, that they have lost money because if you put additional universities into the mix you do not increase the load—there is less money to go round. We have seen a number of other enhancements which have been announced totally unfunded. The minister says they are all cost neutral. There have to be savings offsets. We have yet to see them.

This morning we have heard the new minister for industrial relations report, 'There will be no change in policy.' We have seen no evidence anywhere that the government is intending to change its policy. There was a cabinet decision made in February setting down a finite amount of money that will be spent and a policy framework. There is no evidence to suggest that that is going to change. Can you please advise the committee on what basis are you optimistic that there is going to be this five minutes to midnight conversion by the government to move away from the draconian aspects of this package?

**Prof. McWha**—I guess, other than the fact that we know the Senate has great power in this matter, I should perhaps say we do not believe there are enormous numbers of changes that need to be made. We think there is a relatively small number of key changes.

**CHAIR**—Professor McWha, you read out an extremely long list before.

**Prof. McWha**—Yes. I think many of those hopefully can be addressed. The voluntary student unionism issue will, I believe, be separate from this particular consideration, and we would certainly be opposed to that area. But many of the others, hopefully, could be negotiated with government before this matter is finalised.

**CHAIR**—What evidence is there that the government is interested in negotiating?

**Prof. McWha**—We have seen some flexibility so far: as you say, maybe not in terms of the amount of funding they have available but in terms of some of the other issues that have been raised. We would hope that, now that wheelbarrow is moving, we can continue to push it along.

**CHAIR**—You mean the pork barrel is moving.

**Prof. McWha**—It is a danger.

**CHAIR**—Thank you very much for appearing today.

**Prof. McWha**—Thank you.

**Proceedings suspended from 12.27 p.m. to 1.55 p.m.**

**BRADLEY, Professor Denise, Vice-Chancellor and President, University of South Australia**

**ROWAN, Professor Michael, Pro Vice-Chancellor, Education, Arts and Social Science, University of South Australia**

**CHAIR**—Welcome. The committee has before it submission No. 432. Are there any changes that you would like to make?

**Prof. Bradley**—No.

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

**Prof. Bradley**—Thank you very much, Senator Carr. I plan to make some overall comments about the package then a couple of brief comments about where we see the package as it is at present. First of all, the university was pleased to see the package showing a chance of an increase in funds. At the very least, the funds that were being suggested as flowing without necessarily topping up HECS would bring us generally to where inflation has been taking us. It would take us, in the next three years, largely from the present position. That may seem to be a somewhat sad statement—that we are pleased to see that we might stay where we are at present—but that would be a great improvement over the last 10 years or so of consistent loss each year in real terms.

We also thought the suggestions about responses to Indigenous issues was a positive sign in the package. The university at the time—there are 38 universities, so you might not have noticed this—did not say a great deal about the package publicly, largely because we took the view that the devil was in the detail. Beyond generally being pleased to see the possibility of increased funds and thinking the Indigenous package looked okay, we did not say much else. Our concerns at the time—and they continue to be our concerns—were that the government had refused to deal with the issue of indexation. That, as far as we are concerned, is an absolutely fundamental issue for this university, as it is for others.

Of course the chance to top up HECS is very much related to the kind of university you are and the nature of your student body. At the University of South Australia, nearly 24 per cent of our students are in the low socioeconomic category, as against the national average of 15 per cent, and 48 per cent of our students are in one or other of the designated equity groups. The issue of the capacity to pay, for many of our students, is a real issue for us. We think the repayment threshold for HECS is still too low. Like all universities we think the international package is bizarre, to be blunt, in that you have a major export industry where the sector has grown without any help from the government at all and now it proceeds to tax it even more in order to maintain, as far as we can see, a larger number of bureaucrats.

A major concern that we have, and I continue to have, is what is going to happen at the end of this package? It would appear to be the case that from 2008, if the package went through, the only capacity for growth in the system is in full fee paying places, so there is no promise of further growth in the system in government supported places—increasingly low levels of support, but still government supported places. With the AVCC, we were very concerned about what learning entitlements might be; what the constraints might be around them; what it might actually mean for particular categories of potential students; the notion of the constraints on the capacity to access a HECS place.

We also were and continue to be very puzzled about categorising teaching and nursing as areas of priority then making it impossible to put any more than 15 per cent surcharge on them. It would be a major disincentive for most universities. If we are talking about this as an economic proposition, they might be thinking of putting a 30 per cent surcharge on HECS to take places where they are only getting 15 per cent above HECS. It did seem a very strange piece of public policy to designate as priority areas, areas where you are controlling the amount of income that the institution might gain. We thought that was strange. That is important to us because a very large amount of our profile is in both undergraduate teaching and nursing.

We think there should be more scholarships, if the package went through. There is certainly nowhere near enough money put into scholarships. The recent report which the AVCC commissioned on student finances makes it very clear that the whole issue of student support is a major one—about the quality of the student experience. We are very concerned about that.

Finally, a major concern generally is about equity participation. We intuit that this package may well affect the participation of equity groups. I do not think anybody has any firm data on this. There are some indicators that it might be an issue. Evidence from overseas suggests that, for poor people, making an investment in yourself and incurring a debt is a very major issue. I would agree with the government at present. The jury is still out on that issue.

We would urge this committee to say to the government that, if it believes that equity participation is not to be affected it would, within the legislation, set some clear equity targets over the short to medium term for the sector in each of the designated disadvantage groups and then put in Commonwealth funds to make sure that that happened. It is a challenge to the government. If it really does believe that it is not going to affect equity groups, then it would not be concerned about setting hard equity participation targets. Certainly the capacity is there in the information systems, both locally and nationally, to track those targets. That is what was done when HECS was implemented. They were our concerns.

As I said at the beginning, one of our underlying concerns was that the devil was in the detail. I think the recent legislation has demonstrated we were right to be concerned. Without being across the detail of the current legislation, there is no doubt that that, combined with the recent announcement about IR reforms, would suggest that there is a lack of consistency in the government's position, where it says on the one hand it wishes to have diversity and choice in Australia's universities and then seeks to be more intrusive in terms of the internal workings of universities than our experience has been in the past.

I must say mine is now quite a long experience. There are moments when I wish it were shorter because it has implications for my age, but I do think that the current moves in relation to

industrial relations, the attempts to interfere—which I am now no longer so concerned about—for example, in the size of university councils and the possible impacts on issues like the academic profiles of the legislation, are matters of grave concern.

Finally, there is an underlying message in the legislation which is, ‘Universities are no more than service providers to a government which buys particular services at a particular price,’ and I do think that is rather less than we would wish to see our universities as being. Thank you, Senator Carr.

**CHAIR**—Thank you very much. Could I assume that the list of items you have read out here would cover the main areas in which you would like to see amendments? Would that be a fair summary?

**Prof. Bradley**—Yes, that would be true. I went through both our original submission and response to you and looked at some of the points that other people have raised. They are the areas where we would certainly like to see change, yes.

**CHAIR**—Your submission, on page 3, says:

There is no guarantee that before 2010 universities will not once again be in a situation where government is seriously under funding universities in relation to their needs.

You go on to say on page 4:

The failure of the current package to index the government’s investment means that neither universities nor indeed the proposed package are sustainable. Universities’ sustainability is dependent on indexing funding; without it, any gains made in the early years of the package’s implementation will be lost before the next decade is out. The Commonwealth proposal to tie funding to changes in governance and workplace relations that some universities may find impossible to implement also undermines the principle of sustainability. If universities are unable to access significant funds due to policies or activities unrelated to their core functions, their sustainability will clearly be threatened.

It is an irony in some ways that your views are supportive of the views of the Vice-Chancellor of the University of Sydney, who is a really big winner out of this.

**Prof. Bradley**—He is an old radical though, Senator Carr.

**CHAIR**—Is he? An old radical? He would be surprised to hear that. A right-wing radical, you mean? I will just draw to your attention what he is saying so I get the full mix of this. He says:

There are ... obvious deficiencies in the package ...: (i) there is an 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 ... However, **the most serious defect is the lack of an effective mechanism for indexation of the government contribution**. The proposals in this package are not sustainable in the medium to long term ...

Universities at either end of the spectrum, given how diverse our system is, are now saying to this committee, 'This package is not sustainable.' Why do you think we should vote for it?

**Prof. Bradley**—My view is that the process you are now going through is a question of why you might want to amend it in relation to some of the areas that we are raising as concerns. Overall, at present it is the only thing on the table about an increase in funding to universities. It is a serious issue for most of us—what the future holds.

**CHAIR**—Professor Gilbert, another great winner out of this package and no doubt with different views to yours on most things, 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.

What do you say to that?

**Prof. Bradley**—It is funny you should ask that. We have been in a budget meeting, and we are trying to look at what might be the budget implications for us of the implementation of some of the system changes that are being suggested—the information package and things like that—and I think that may well end up being a major issue. We are not clear, because we do not have that level of control over what is being suggested, but certainly some of the changes being suggested or being required as part of information systems are going to put very considerable costs into the university.

We were looking at what it might mean to manage the scholarships that are coming down. We will need an extra relatively high-level position which, with on-costs alone—for the position alone—will cost \$80,000. The management of many of these things is being put down into the universities without any funds coming down with them, so there are extra administrative tasks; big administrative tasks.

**CHAIR**—Are you suggesting to me that there are circumstances where you think that this might be more trouble than it actually delivers in terms of the money?

**Prof. Bradley**—In the end, we need that money very badly. The discussion we had today about our 2004 budget is such that we will have to begin processes of losing staff again, because our costs go up between four and five per cent a year and our indexing is two per cent.

**CHAIR**—You expect to lose staff? How many?

**Prof. Bradley**—I do not know. We are having a conversation at present about how we might manage in 2004, but this is a conversation that I have been having every year since the early 1990s. I am making a bipartisan comment here.

**CHAIR**—Yes, I appreciate the point you make.

**Prof. Bradley**—This did not begin in 1996.



**CHAIR**—Professor Chubb tells me, as a member of the council—and I have told everyone else—that he is going to press ahead, essentially, with enterprise agreements. He says that a number of his colleagues have reacted badly to the government’s position, because he says that he disagrees with the compliance proposals with regard to the extra funding being made available. He says, ‘The requirements intrude deeply into how we manage our affairs.’ He also says, ‘It goes beyond what we thought had been discussed with the minister.’

**Prof. Bradley**—Yes.

**CHAIR**—Is that your impression?

**Prof. Bradley**—I certainly agree that there is a significant mismatch in terms of the informal discussions one had had with the minister. However, I point out that it is much easier for the ANU or Melbourne or Sydney to press ahead with the levels of reserves that they have as against the University of South Australia, which has no reserves whatsoever.

**CHAIR**—That is fair enough. I understand your position, given the way we have now developed, where we have four universities picking up nearly 60 per cent of the surplus across the sector.

**Prof. Bradley**—Indeed! The University of South Australia is operating in surplus—

**CHAIR**—I understand that.

**Prof. Bradley**—but we are not operating with any reserves.

**CHAIR**—Yes, but you are on the edge, aren’t you?

**Prof. Bradley**—No, we are operating with a surplus. We had a surplus of \$10 million last year, but we still have no reserves.

**CHAIR**—What is your prognosis in terms of the future of this package? The NTEU tell us that you will be worse off under this package, according to their calculation.

**Prof. Bradley**—That is not true. Our view is it is lineball for us.

**Prof. Rowan**—A little better than lineball, but not a great deal.

**CHAIR**—Is that assuming you get the industrial relations money?

**Prof. Bradley**—Yes.

**CHAIR**—You say here that some universities will find that impossible, so you will not be lineball if you do not get that.

**Prof. Bradley**—No. By ‘lineball’, I mean if we got it we would be in the same position as we are at present. There would be a continuation, which is not a very good position to be in—

**CHAIR**—Yes, I appreciate that.

**Prof. Bradley**—but it is certainly better than being worse off than we are at present.

**CHAIR**—Were you surprised by the extent of—under this legislation—the minister's capacity to intervene in individual institutions?

**Prof. Bradley**—I have not examined the legislation in any detail. At present we are getting some formal advice about it. We are not experts in this area, but I think the general reaction to the package in the sector, as I understand it, is that the legislation is both infinitely more prescriptive and infinitely more intrusive than people had expected from the briefings and conversations that we had with officials and in general.

**CHAIR**—The vice-chancellor in Tasmania says to us that he was misled. Do you think that is appropriate? Have you been misled?

**Prof. Bradley**—I do not feel misled. I think I have been around long enough to wait till I see the thing in black and white.

**CHAIR**—Do you think you are perhaps not as innocent as some of your colleagues?

**Prof. Bradley**—I think people try to present a very positive picture. I have been slightly suspicious of the endless helpful briefings from the bureaucrats about what to think of the package, but perhaps I am a bit of a sceptic. I am not shocked or scared.

**CHAIR**—I put it to you that this is a package that, under clause 30.25, gives the minister the capacity to determine or approve individual courses.

**Prof. Bradley**—Programs.

**CHAIR**—This is the first time in the history of the Commonwealth that this has occurred.

**Prof. Bradley**—Yes.

**CHAIR**—I put it to you that this package gives the minister the legislative power to close down a university in this state if it is felt there are too many universities in this city. What do you say to that?

**Prof. Bradley**—I understand, from the initial briefing that I got, that there is a real issue about whether this legislation is such that the Commonwealth has the constitutional power to do some of the things that are being suggested can be done. I think there is a major—

**CHAIR**—Will your university have a look at that? You have plenty of expertise in that area.

**Prof. Bradley**—No, we do not have expertise, but it is being looked at. My understanding is that at present there is a fundamental question about some aspects of the legislation and if it sits within the Commonwealth powers.

**CHAIR**—I would ask you to consider that under this legislation the minister has the capacity to determine where courses will be taught, which courses will be taught and how they will be funded. That could mean in the case of South Australia, if it is believed there are too many universities in this state, a forced amalgamation. If you can demonstrate to me that I have misunderstood the act, I would appreciate it, but I would not mind you having a look at that. It also says here—in clause 36.25—that the minister must declare all courses to have 50 per cent Commonwealth supported places. That means that there can only be 50 per cent fee-paying students, which means international students as well.

**Prof. Bradley**—I think the legislation only applies to Australian students. I do not know.

**CHAIR**—No, that is not quite the case. That is not my reading of the legislation, and I would ask you to look at that. It just seems to me that there is a lot in here that we do not understand. What is your judgment about how quickly we should pass it?

**Prof. Bradley**—I would like to be relatively clear about what our financial situation is going to be in 2004-2005, so I would like you to perhaps come up with some suggestions to the Senate about a way to get better legislation and get it through.

**CHAIR**—The current Higher Education Funding Act has money for you next year. Why do we need to rush this through when we have so much that is uncertain?

**Prof. Bradley**—We have a reasonable amount of time.

**CHAIR**—Some 19 sitting days? There must be 50 pieces of legislation currently before the Senate.

**Prof. Bradley**—But we do have a committee sitting here going through the details.

**CHAIR**—Yes, but we do not pass laws. We make comment upon—

**Prof. Bradley**—Yes, indeed.

**CHAIR**—What troubles me about the vice-chancellors' position, if I might be so bold as to say this to you, is that we are hearing a number of vice-chancellors tell us, 'Just get this through. It will be all right in the end. At five minutes to midnight there will be a conversion by the government to get rid of some of the draconian offensive elements to it.' I am wondering on what basis that conclusion is being reached with the Vice-Chancellors Committee.

**Prof. Bradley**—Sorry, I cannot speak for the Vice-Chancellors Committee. I am speaking for the University of South Australia.

**CHAIR**—Are you familiar with the view that we should pass this quickly—that it will turn out all right, the minister does not really mean that, there will be a bit of a change?

**Prof. Bradley**—No, I have not heard that. I am not familiar with that view.

**CHAIR**—That is not your view?

**Prof. Bradley**—My view is that we need a solution overall to the funding of Australian universities, and we need a decision about that soon. We have been in the process now for a year. This university put forward a submission about what it thought needed to happen. We have all done that. I believe the universities have tried quite hard to put a position about what the difficulties are. I think that most of us desperately want to see some guarantee of funding to the sector. We see ourselves in a process by which legislation is now sitting in the parliament, and it is the role of the parliament to amend it on the basis of community response.

**CHAIR**—But you do not expect this legislation to pass in this form?

**Prof. Bradley**—I do not think any legislation passes in the form in which it is introduced, particularly if it is as controversial as this. Our assumption is that there would be a process, and this is part of the process. That is why we put a submission in.

**CHAIR**—Thank you very much.

**Senator TIERNEY**—The chair is fond of quoting Professor Brown. He talks about sustainability. Without this package, how sustainable is this system anyway, given your comments about the early nineties on? If we do not put this package through, of course, there is \$10½ billion in the sector at risk over 10 years—also the other flexibilities in the system are at risk and you stay with the system you have. In terms of that question of sustainability, what are your views on putting forward the university's best shot at reform in 20 years? It is comprehensive, and I know there might be aspects of it you do not like, but wouldn't we be better going forward with this package than staying where we are? That is the choice immediately before us.

**Prof. Bradley**—My own personal view would be that education should be publicly funded, including higher education. That would be my valued position. What I see, however, is the introduction of an element of user pays by the former Labor government through HECS, and not at the end of its time but quite early on in its time. What is happening in all of the OECD countries is a set of issues as governments try to come to grips with dealing with a mass higher education system—how much it costs, who is going to pay for it and what quality of a mass higher education system you want.

I have some personal views about Commonwealth support for private schools, which I find completely incomprehensible, and the run-down of the public school system. I would be very happy if the money that is currently going in index form to the private schools in Australia was shifted over to higher education. That would seem to be quite a nice little outcome, but I understand it is not politically acceptable.

**Senator TIERNEY**—Except you would have to find another \$2½ billion.

**Prof. Bradley**—For the public school system?

**Senator TIERNEY**—No. If you are going to run down the private schools, you would have to find that money if everyone was then put into the public school system.

**Prof. Bradley**—Yes, but that is another argument.

**Senator TIERNEY**—That is another debate and it is a very long debate, so we probably should not get into that.

**Prof. Bradley**—I think there is a relationship between the difficulties that we are having with mass higher education and the very large increases in funding that are going to a large number of private schools. My pragmatic position would be that we have to accept that the principle of some form of user pays for higher education is in place in Australia, as it is now in pretty well all OECD countries. It does not happen to be a particular principle that I like very much but I am a pragmatist; I accept it is there.

The real issue now is exactly what is going to be the balance between the public and the private. It would appear to be the case, until recently, that in general the community thought that there should be a bit more of a swing towards private support, though I am not clear that that is still holding just at the present moment. If you ask me what is likely to happen in 20 years time, I would suspect that in 20 years time we would see a greater swing towards private money going in; something a bit more like the American system—if that is the question you are asking me.

**Senator TIERNEY**—In the last 50 years there have been six occasions when it has been said the universities are in crisis, and possibly that has always been claimed because the system has expanded incredibly rapidly and continues to expand incredibly rapidly.

**Prof. Bradley**—Yes.

**Senator TIERNEY**—I would just like to challenge your basic proposition that it should all be back on the government budget, which is your inclination.

**Prof. Bradley**—It is my inclination but I understand it is not realistic.

**Senator TIERNEY**—Exactly.

**Prof. Bradley**—Yes, I understand that.

**Senator TIERNEY**—Given that this package does put more public money in, \$10½ billion over 10 years, and it does allow that flexibility, why wouldn't we choose that path forward over what we have at the moment?

**Prof. Bradley**—I support the basic thrust of putting more money into higher education and I support that package. The problem we are having at the present moment is that the price of that seems to be becoming higher every day, and there is going to come some kind of cut-off point about that. I think, like many people, I had seen us in a process when the package came out of then talking about the details, arguing about some of them and getting some modifications. What we are seeing is a hardening in many cases of the government's position. I sit here aware of the fact that I have the executive of my own student association sitting behind me and I am aware of what their concerns would be about the package. I think you saw the NTU earlier today.

**Senator TIERNEY**—We did.

**Prof. Bradley**—No doubt you would know what their concerns are about the package. I work in the real world, where they are part of the community and constituency that I have got to deal with every day.

**Senator TIERNEY**—One of the things the VCs have raised as a concern relates to the industrial relations measures in the package. I am not sure if you are aware of the editorial in the *Australian* last week that said that this package really does not go far enough and that we should really have AWAs right across the whole sector—and of course the bill is not proposing that at all. It is proposing a fairly minimalist sort of position, where the AWAs have got to become available if staff wish to access them. What is the problem with just having that available?

**Prof. Bradley**—Personally, I do not have any particular problem about it. We already have a significant number of people on common law contracts in the university.

**Senator TIERNEY**—What percentage would not just be under a normal award but have a special contract or arrangement—roughly, as a percentage?

**Prof. Bradley**—I could not—

**Senator CROSSIN**—Is that over and above the award, though? It does not replace the award?

**Prof. Bradley**—Yes, it cannot replace the award.

**Senator TIERNEY**—But it is a variation.

**Prof. Bradley**—They are a variation. All the managers are on one—I am on one; everybody in the management of the university is on such a contract.

**Senator TIERNEY**—How far down does that arrangement go into the system?

**Prof. Bradley**—Down to managers of units and some other people in other kinds of managerial positions; not huge numbers.

**Prof. Rowan**—But, in addition to that, our remuneration arrangements with our staff give us the flexibility to reward people according to their performance, in any case, so the distinction between a lock-step approach, where everyone is paid the same, regardless of their performance, and AWAs is a false one in the first instance.

**Senator TIERNEY**—But what percentage would be on just a normal award, without any variation?

**Prof. Bradley**—I cannot answer that but—

**Senator TIERNEY**—It would be a high percentage though, wouldn't it?

**Prof. Bradley**—I wish I could say yes sometimes, when I think of the numbers of them that have market allowances and retention allowances and performance allowances and common law contracts.

**Senator TIERNEY**—The vast majority of the teaching staff would be on the normal award rate, wouldn't they?

**Prof. Bradley**—Yes—a lot of them would be.

**Senator TIERNEY**—And up to senior lecturer?

**Prof. Bradley**—It is the senior people.

**Senator TIERNEY**—The managers?

**Prof. Bradley**—No. Associate professors—

**Senator TIERNEY**—Managers, academic—using that broadly in terms of—

**Prof. Bradley**—Associate professors and professors above: many of those would be on particular performance related contractual arrangements. That is part of why I think many of us find it a little bit strange.

**Senator TIERNEY**—An issue that is not part of the package but we have been looking at—and it does involve, I believe, the University of South Australia—which I wanted to explore further with you concerns the multi-campus nature of some institutions. Western Sydney have made a claim that this puts them at a particular cost disadvantage because they have six major campuses of fairly significant size across a large geographic area in the city. What is the position with University of South Australia? Could you just give us a quick thumbnail sketch? How many campuses are there and which are significant in size—defining that as being, say, 3,000 and above—as a campus?

**Prof. Bradley**—All of our metropolitan campuses are roughly the same kind of size. We do not have a main campus.

**Senator TIERNEY**—How many campuses?

**Prof. Bradley**—We have at present five metropolitan campuses and one campus at Whyalla and a series of learning centres.

**Senator TIERNEY**—You include Whyalla in those six campuses. What is the size range of the six?

**Prof. Bradley**—Whyalla is small. It is about 500 to 600 EFTSU.

**Senator TIERNEY**—And the other five?

**Prof. Bradley**—All the metropolitan ones are roughly the same kind of size. They are certainly all over 3,000 EFTSU and, in most cases, round 5,000.

**Senator TIERNEY**—So 3,000 to 5,000, roughly?

**Prof. Bradley**—Yes.

**Senator TIERNEY**—Thank you.

**Prof. Bradley**—And, if I might say, I agree that multi-campus institutions which are truly multi-campus are expensive. However, the reality is that most Australian universities are now multi-campus. Flinders University would be one of the few universities in Australia that has a single campus.

**Senator TIERNEY**—There seem to be only three that have a significant number of large campuses. A lot have little satellite campuses.

**Prof. Bradley**—Add us to it, because we are in the same situation then. We just have not made quite so much noise about it, but then we are not in swinging seats.

**Senator TIERNEY**—There seem to be only three of you that have, say, about five campuses of 3,000 plus.

**Prof. Bradley**—Yes.

**Senator TIERNEY**—That seems to be a relatively small number that would claim an administrative cost disadvantage compared to, say, running the University of New South Wales at Kensington on one site.

**Prof. Bradley**—Yes.

**Senator TIERNEY**—I want to explore this issue of overenrolment and the marginal funding that comes in there. What is the percentage for the University of South Australia.

**Prof. Bradley**—We are 2½ per cent overenrolled. We have been working to get overenrolment down. We made a policy decision three years ago. We currently are getting marginal funding. As is often the case with universities, if I am being honest, it was more a mistake than a policy intention. We have been working very hard to get it down. We see no advantage at all in getting, a year after the date that you enrolled the students, a very small amount of money to support them. I really support the government getting rid of that model of funding. I always thought it was outrageous.

**Senator TIERNEY**—Moving to a target of five per cent—

**Prof. Bradley**—Yes, I think five per cent is achievable.

**Senator TIERNEY**—And then fully funding the marginal funding would advantage your university?



**Prof. Bradley**—Yes. We are happy with that as a way of operating. We think that the increase in the band was very important. It is actually very difficult. Without being really boring about this, you are not funded on the headcount. You are funded on the number of subjects that students enrol in, and that will vary from year to year, depending on a whole lot of things about which you have very little control, particularly if you have a large part-time enrolment. That is partly why some universities often have great peaks and troughs in their load. We support that. We think it is a good idea and we also strongly support the movement of those marginally funded places into fully funded places.

**Senator TIERNEY**—Finally, in terms of six campuses spread across a large area, I suppose one of the advantages of that is the impact of the university on those particular areas.

**Prof. Bradley**—Absolutely.

**Senator TIERNEY**—Could you tell us briefly—assume in the northern Adelaide area in particular—what sort of impact the university has on the economy of those areas.

**Prof. Bradley**—A very considerable impact in northern Adelaide. We have the only university campus in the northern Adelaide area. We have a disproportionate enrolment from that area. Last year we made a decision to make a major intervention in the area through the development of a program called UNAPP—UniSA Northern Adelaide Partnerships Program—which is a major community and educational development program in the northern suburbs, working with the local governments out there. You would be aware, Senator Tierney, that the two postcodes of Elizabeth and Salisbury are the most socially and educationally disadvantaged area in any metropolitan area in Australia.

We are in those areas as a university, so we have committed ourselves to major social intervention in those areas in the next three years. We have committed considerable amounts of both money and in-kind effort into working with the communities there on a range of projects. At present we are engaged in between 40 and 50 individual projects of both action and research in the northern suburbs. We work closely with the big employers there but we are also working, for example, in programs of post-partum support for teenage mothers—a whole range of programs.

**Senator TIERNEY**—One of the directions of this package which has hardly been mentioned in the discussions is the university-community partnership and the focus on academics not just being concerned about their research and their teaching—those sort of links in the community. Does the package in some way provide the university with a better framework to extend that sort of work you have been discussing?

**Prof. Bradley**—Yes. We were happy to see that. It fits very well with the kind of university we are. You would not be surprised to hear that a little bit more money going into it might not be a bad idea. Yes, it is precisely the kind of program that supports universities in making a difference.

**CHAIR**—Vice-Chancellor, you currently have 346 overenrolled students. Is that about right?

**Prof. Bradley**—Yes, that would be about right.

**CHAIR**—You will have to phase those out—they are going. The tolerance is quite irrelevant to that—they are going. The number of fully funded places coming in is less, so there are fewer opportunities in the system as a whole. I acknowledge that. If you are losing 246 currently, what guarantees have you had that you will get 246 extra places fully funded?

**Prof. Bradley**—We have not asked for those. I do not believe we will. We will be funded on what is an agreed target load, which is what we are currently being funded on. Our aim had always been to get down to that load.

**CHAIR**—We have had other submissions today that there is an incentive in this package for people to move east.

**Prof. Bradley**—Yes, I understand. I have heard that argument.

**CHAIR**—Is there any evidence you have that that is wrong?

**Prof. Bradley**—I think there is a constant drift to the eastern states. It is a major issue for small states like South Australia, but I am probably less concerned about the drift of undergraduate students because the evidence so far is that it is about lineball in terms of numbers under the current arrangements. The last time I saw it, it was about the same, despite the fact that Melbourne University comes in and recruits in South Australia all the time. The patterns in Australia have been the same for over 100 years—that is, people tend to go to university in their own state and indeed often in their own home town. I am personally less concerned about that.

I am extremely concerned about the loss of research degree students, of research capacity, in this state and competing with the Eastern States universities for good staff in circumstances where, unless we can keep a range of programs up in a small state like South Australia, we are not competitive. I am not terribly concerned about the loss of undergraduate students. I am aware that my colleagues in the other two universities do not hold that view but it is not one that greatly worries me.

**CHAIR**—Thank you very much.

**Senator STOTT DESPOJA**—Professor Bradley, have you ever had or are you aware of a request among general or academic staff for an AWA?

**Prof. Bradley**—No.

**Senator STOTT DESPOJA**—In response I think to a question from the chair you said that you disagreed with the estimate by the National Tertiary Education Union that you would be—I think their figure is \$593,000—worse off in 2005. Is that because you have adjusted; you have done modelling that has taken into account the changes that were announced by Minister Nelson two weeks ago?

**Prof. Bradley**—We have not modelled since then, but we did model before. The modelling was done twice. It was done firstly by David Phillips, whom you would no doubt know. Secondly and independently it was done by our executive director, finance and resources, when the package first came out, on the information we had then. Essentially, the way the

Commonwealth had identified us was what we thought. It was an extra \$5 million a year which, as I said, in terms of real costs would leave us about where we are this year by 2005.

**Senator STOTT DESPOJA**—What proportion of that is the additional Commonwealth grant money that you would presumably have to meet the industrial relations provisions in order to obtain? Most of it?

**Prof. Bradley**—Yes. It was based on the assumption that we would meet the industrial relations and governance requirements.

**Senator STOTT DESPOJA**—Given the evidence we have heard today, specifically from the NTEU, as well as the fact that the vice-chancellors have indicated it is inappropriate to have the workplace relations provisions in the legislation—and assuming that goes through—in order to get that additional funding you will have to negotiate with your general and academic staff to meet those conditions. If you do not, you will not have that money. How are you better off?

**Prof. Bradley**—We are not better off under those circumstances. The ‘better off’ was calculated in circumstances where we had not seen this current legislation and in the belief that it would be less intrusive and coercive than it is.

**Senator STOTT DESPOJA**—If those industrial relations changes do pass the Senate, do you still think the overall higher education package should be passed—presumably it is delegated legislation? If the regulations are not going to be defeated, should the package as a whole be defeated?

**Prof. Bradley**—I have not thought about it like that. Put a vice-chancellor in front of a bucket of money and it is very hard to say, ‘No, never; I would never take it.’

**Senator STOTT DESPOJA**—What if you are putting a vice-chancellor in front of not a bucket of new money but the same money—no carrots?

**Prof. Bradley**—One of the minor problems I have with the NTEU and the other major union is that both have signed enterprise agreements that contain compulsory AWAs, in other places. The NTEU is a party to the Australian Maritime College Enterprise Agreement, which contains the right for AWAs. The CPSU is a party to all the Commonwealth Public Service enterprise agreements which contain AWAs. There is a deal of posturing on all sides on this particular issue. My concern is about being micromanaged through legislation. That is my concern.

This is a university. We have a council. We are an autonomous institution. I do expect to report back about the proper use of public funds, but what I do not think is reasonable is being micromanaged by Commonwealth legislation at the level of my relationship with our employees. I think it is outrageous. At the same time, I do feel that if the issue of AWAs, which is the thing that people fix on rather than some of the other things which I think are more than—

**CHAIR**—There are 14 other conditions in there.

**Prof. Bradley**—I am very concerned about some of the other conditions, which lay down for you how you might negotiate within enterprise agreements. If AWAs are such an issue to the two

major unions that universities relate to, why have they signed enterprise agreements with AWAs in them in other places?

**Senator STOTT DESPOJA**—Your submission is one of the few from a university that outlines issues such as student income support. You have also mentioned access and equity issues in your submission, particularly in response to Senator Tierney's point—the issue about two particular postcodes suffering educational, social and economic disadvantage.

**Prof. Bradley**—Shocking, appalling disadvantage.

**Senator STOTT DESPOJA**—What impact would fee increases have—albeit the income contingent ones but up to 30 per cent HECS—in your opinion on students or, more importantly, aspiring students from those postcodes? Do you see it as having a potentially deleterious impact because people are debt averse? Have you done any studies on how people are reacting?

**Prof. Bradley**—No. I think I said in my original submission that it is very difficult to get any evidence that you feel confident about in this area. As you perhaps know, in the past this has been an area of expertise of my own. On the basis of what I have read over time, I am very concerned about debt aversion, even with an income contingent loan. There is evidence that generally people who are poor or socially disadvantaged find it very difficult to see themselves as being able to take a risk on their own futures by engaging in debt. That is why we are suggesting that there needs to be, if this legislation goes through, some very careful looking at equity targets and some very close monitoring.

What we know about HECS is that it has not affected equity participation—in the sense it has not made it worse but it has not made it better. The really important thing to say about higher education over the last 10 or 15 years, particularly over the last 10, is that Australia's proportion of people from equity groups who are participating in higher education is still quite good by OECD standards, but we have seen no change. The system has grown but the proportions of poor people who are entering the system has not changed. HECS has not necessarily made anything worse but it has not made anything better.

**Senator STOTT DESPOJA**—Something that has consistently come out is the lack of independent evidence available as to what impact fees and charges and other changes have had. One recommendation that seemed to come forward from other witnesses was that we should establish or move to re-establish, in the case of the old NBET and HEC, some form of independent monitoring. Would you support a recommendation like that by the committee?

**Prof. Bradley**—Yes. I chaired the equity working party of the Higher Education Council and also the Women's Employment Education Training Advisory Group to the minister and was on the group that established the process of monitoring the impact of HECS and also developed the equity plan for higher education which set the targets 10 to 12 years ago. It needs good data. The reason we know that about HECS was because there was a group that was put to work to make sure the bureaucrats set up the systems that obtained information which could then be looked at by independent researchers.

That is important and one aspect presently within the bureaucracy which is being run down and needs considerable ramping up again. We are losing that information index and we are

losing a capacity to act on it and understand it. However, reasonable social science research about how people might react in a particular set of circumstances is difficult to do, which is why we need to be cautious.

**Senator STOTT DESPOJA**—Professor Bradley, you and others today have talked about the committee being part of this longer process of analysis and, potentially, amendment. Given this is arguably the most significant change in higher education policy—at least since the Dawkins era—should there not have been a white paper? You may not agree with Senator Carr’s comments about time line or the notion of being rushed, but this is a huge reform process. Is it appropriate that we are discussing the implications, particularly for our state, with four senators—only one of whom is South Australian—and that this legislation is anticipated to go through by the end of the year? Does that not seem a little full on?

**Prof. Bradley**—I agree with you, but I thought the more normal process would have been a green and then a white paper. I think some of the concerns that many of the vice-chancellors had, about the open-ended nature of the process and about the lack of clarity with where it was going, are being realised. We have always been very unclear as to what the results were of the various consultation processes. I agree with you. A green and a white paper, to my mind—and I think many of us have thought this from the beginning—is a more conventional process and one that perhaps has some clearer outcomes by this stage of the process.

**Senator STOTT DESPOJA**—Thank you.

**Senator CROSSIN**—I am particularly interested, of course, in the Indigenous aspects of the package.

**Prof. Bradley**—Yes, indeed.

**Senator CROSSIN**—We always have to fight to get the Indigenous aspects of any package in education on the agenda. How many Indigenous employees do you have?

**Prof. Bradley**—I am just trying to remember. We have an Indigenous employment strategy.

**Prof. Rowan**—Of the order of 20.

**Prof. Bradley**—Twenty to 30, yes.

**Senator CROSSIN**—You have an Indigenous employment strategy.

**Prof. Bradley**—Yes.

**Senator CROSSIN**—That is one tick you have already done in the package which might upset other universities. In Queensland, for example, there are about 55 Indigenous people employed and in the Northern Territory at Bachelor Institute there would be quite a number. There are five postgraduate scholarships on offer for employees. What is your response to that?

**Prof. Bradley**—In what way?

**Senator CROSSIN**—There are five postgraduate scholarships on offer nationally from the Commonwealth to assist employees at universities.

**Prof. Bradley**—One would like to see more, but one would also assume that universities, as large institutions, might well be supporting their own employees in study. We have done that and we have a range of measures about supporting not just Indigenous employees. We have one set of processes to support Indigenous employees, but we have a long-term strategy, for example, about enabling female academic staff to get PhDs. We see that as part of our responsibility as a good employer, Senator Crossin.

**Senator CROSSIN**—Have you set your own equity targets within the institution?

**Prof. Bradley**—Absolutely. We set out own equity targets in relation to both students and staff.

**Senator CROSSIN**—Across the equity areas; the disabled, women, Indigenous—

**Prof. Bradley**—Yes. We have a quite complex and longstanding set of equity performance indicators, which are part of the university's key performance indicators. We have about 12 key performance indicators; one of them is to do with employment of women staff; another is about the performance of the equity groups as students. We have recently instituted a major workforce planning strategy, with the overall intention of trying to move, over time, to have our workforce mirror our student profile more adequately.

**Senator CROSSIN**—You set targets for students as well as staff, do you?

**Prof. Bradley**—We certainly set targets for students. We are now beginning to do that in relation to staff.

**Senator CROSSIN**—Could you provide this committee with a copy of those?

**Prof. Bradley**—Of the strategy?

**Senator CROSSIN**—Yes, and the targets you intend to meet.

**Prof. Bradley**—Yes.

**Senator CROSSIN**—How long have you been doing this?

**Prof. Bradley**—In relation to students, we have been monitoring in great detail—and I can bore you insensible with large amounts of information down to what we might call the subject level in relation to the enrolment of the disadvantaged; the equity groups at that level—and we quite commonly, through the annual review process, look at the performance down to the level of a school department of the equity target groups; how many Indigenous students they have and what their retention and success rates are.

**Senator CROSSIN**—Does it surprise you then that the Commonwealth has not required institutions to do this?

**Prof. Bradley**—The Commonwealth used to required institutions to do it.

**Senator CROSSIN**—Yes, that is right.

**Prof. Bradley**—They all hated doing it. Many of them argued that it was inappropriate. We have committed ourselves, since we are a university, to a responsibility for providing educational opportunities. In order to do that, we have to know whether we are doing it or not.

**Senator CROSSIN**—It was stopped by the Commonwealth back in 1998, was it?

**Prof. Bradley**—Yes, about then.

**Senator CROSSIN**—Are you surprised that, as part of this package—and the intrusive nature of it—targets have not been reset for equity groups?

**Prof. Bradley**—I do not think I am surprised.

**Senator CROSSIN**—Disappointed perhaps?

**Prof. Bradley**—I am disappointed, yes.

**Senator CROSSIN**—Thank you.

**CHAIR**—Thank you very much.

[3.00 p.m.]

**CHRISTIE, Mr Andrew James, Education Representative; and Vice-President, University of South Australia Students Association**

**DAVIS, Ms Emily, General Secretary, Students Association of Flinders University**

**HANSON-YOUNG, Ms Sarah Coral, President, Students Association of the University of Adelaide**

**HEATH, Ms Georgia, President, Adelaide University Union**

**CHAIR**—I call the committee to order. Before I announce the formal processes, I thank Ms Heath, as representative of the Adelaide University Union, for hosting us here today. We appreciate that greatly. Thank you very much. I welcome representatives from a number of student organisations: the Adelaide University Union, the Students Association of the University of Adelaide, the Students Association of Flinders University and the University of South Australia Students Association.

The committee has before it submissions Nos 361, 327, 350 and 476. Are there any changes you would like to make to any of those submissions? No? Thank you. The committee prefers all evidence to be given in public, although the committee will also consider any request for all or part of your evidence to be given in camera. I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

**Ms Hanson-Young**—On behalf of the other members of this panel, I would like to acknowledge that we are all sitting on Kurna land. We welcome you to our union building, funded by students' money and by our members. Our organisations believe that education is a right, not a privilege. Our primary objectives are to provide accountable, strong, relevant, transparent representation to all our members. We act as the peak representative bodies on our campuses and are the primary advocates for students to our individual universities, government and the wider community.

We recognise that we all have a responsibility to highlight issues affecting students in the education sector and other people in the community. We are here before you today because we have a responsibility to uphold the principles of equity and accessibility to education. In light of this we cannot accept the package that has been put forward by the government. This package was flawed when it was released in May. The changes released two weeks ago make no difference. It is still fundamentally disruptive to the accessibility of education in this country. We are disgusted to learn that there is in fact no cap on the HECS increases, and we object to the Senate being asked to pass the legislation without having the opportunity to see the ministerial guidelines. This is absolutely disgraceful.

We recognise that the additional year added to learning entitlements represents a small concession by the government. However, it does little to address the inequity in the original concept and further enhances the unfairness within it. The additional three per cent increase to



overload allotments will still leave 1,800 South Australian university HECS places at risk. South Australian students are unlikely to see the benefits of the increased overenrolment allowances. This is a concern shared by all of us here and, as we have heard earlier today, the University of Adelaide.

When this government first came into power the average course contribution per student was 19 per cent. In 2002 the average course contribution per student is closer to 40 per cent. In some course, such as law, it is as high as 80 per cent, and yet this is called Higher Education Contribution Scheme. The reduction in HECS places and replacement with full fee paying places will not enhance access to universities. Rather, it will serve to deter those least able to access university from even applying, because they are simply unable to afford to study. In a truly egalitarian and inclusive Australia these are the people who should be strongly encouraged to participate in higher education.

The government's assertion that students get a cheap ride off taxpayers and exist in a state of welfare dependency is completely false. It bears no relation to the reality facing students today. Students are taxpayers, believe it or not. At the moment 70 per cent of the university students at Flinders University are in paid employment, demonstrating that, for the majority, welfare support is not sufficient to provide a liveable income while studying. Currently the University of Adelaide is looking into the effects that working is having on students and their academic achievements.

The effect this will have on students is disastrous. The *Paying their way* survey found that 60 per cent of students already miss classes to fulfil work commitments and 20 per cent commented that their studies were adversely affected by work obligations. The provision of a five-year learning entitlement will negatively impact on our members. They are already compelled to enter into, at the very least, part-time employment. Studying in such inflexible and unfair prescribed time limits will do nothing more than punish those who fail subjects because of work commitments, illness, disability or family commitments. It will also seek to deter those in equity groups from even entering the higher education system and giving it a go.

This package threatens the quality of education for students at all South Australian universities. It threatens the job security of staff as well. If our staff are unhappy, the education they offer us is not going to be satisfactory. This package aims to rip apart organisations such as the student associations and student unions represented on this panel today and to remove our ability to represent, promote and protect the rights of students. This package threatens the rights of students to make choices about education. The government argues that student choice is the fundamental principle of this package. The only real choice is for those students who are lucky enough to be able to pay up-front fees or lucky enough to land a good job in their first year of graduation so that they do not find themselves in a circle of debt and having to pay off their fees.

Increases to HECS fees is not about student choice. Reduction in HECS places is not about student choice. Increases to full fee paying places is not about student choice. Interest rates on loans that create generational debt is definitely not about student choice. Caps on learning entitlements is not about student choice. Lastly, cutting 1,500 places out of South Australian universities is anything but student choice.

We reject the Howard government's higher education package. We believe in our submissions and we stand by our criticisms of the government's higher education agenda. We acknowledge that higher education in Australia is in need of reform. These are not reforms; these are regressions. It is the opinion of the students associations here that the legislative reforms suggested by the Howard government are not the answer. The supposed basis of the university package—the themes of sustainability, equity, quality and diversity—are the first things, under this package, that will disappear.

Students in Australia have had enough. Here at Adelaide University we have had enough. We have been Vanstone's victims, we have been crippled under Kemp and we are about to have no future under Nelson. The Prime Minister and the federal Treasurer are unashamedly cocky about their \$7.5 billion surplus. Tax breaks and election promises are nice but not at the cost of the future of our country. The government could do something for education here and they could actually fund some proper places for students. It is quite obvious, after watching last night's news, that the federal government has no ability to understand or prioritise education in this country.

**Senator CROSSIN**—Ms Heath, in the submission from the Adelaide University Union you say that your union opposes any new legislation that introduces voluntary student unionism on the basis that VSU will further erode the ideal of equal access for all to higher education. You go on to say 'and diminish the quality of education and the educational experience offered by Australian universities'. What evidence would you be able to provide this committee to support your claim that VSU legislation will actually erode the ideal of equal access for students?

**Ms Heath**—There are a number of examples provided from the Western Australian experience that would be duplicated at Adelaide University. Some of the examples are programs we currently offer that would need to be wound back, at the very least, if not completely stopped as a result of diminished access to funding. Some of those programs include, for instance, the equal access grant that we currently provide. That grant is provided to students in their first year of university, of anywhere from \$100 up to over \$1,000, depending on need. That grant is provided to assist in the cost of textbooks or if a student needs to move out of home—any purpose that the student's ability to study is seen to be dependent on. That is the type of program we would no longer be able to offer if voluntary student unionism is included as part of this package.

There are a number of other programs. For instance, last night the board was heavily involved in debate over a proposed child-care program that we are working on with the university. Again, it is that type of program we would not be able to offer if we did have voluntary student unionism, based on the experiences we have seen in Western Australia.

**Senator CROSSIN**—This package is based on the premise that contribution of moneys going to the higher education sector will not come predominantly from the public purse any more; it will come from students, with significant changes to balance the seesaw in relation to that. You will be aware of the detail—50 per cent full fee paying places and capacity for universities to charge up to 30 per cent HECS, although there is some question that it will be more than 30 per cent. Any of you might want to answer this: do you believe that universities in this state will move to increase HECS either voluntarily or by being forced under this package?

**Ms Heath**—If the universities are not able to have the extra places they want, they are going to be in a deficit of several million dollars. They are going to have to do whatever they can to balance their books. Obviously, this university is not going to want to put up fees, because that will deter students from studying at this institution. But the reality is, if things are not going to be publicly funded, it has to come from somewhere.

**Mr Christie**—If you look at the arrangements with fixed government funding, you see that the only way the universities can increase their revenue is by charging students more.

**Senator CROSSIN**—What feedback have you had from your members about that possibility?

**Mr Christie**—They are certainly opposed to any increase in fees. As our vice-chancellor has just said, there are probably about 500 or 600 students at Whyalla and almost 150 students, I think, have signed petitions against these reforms in their entirety. Only about 200 students are internal on-campus students up there, so there is a really high proportion from that campus totally against these reforms. That is similar across other campuses, although maybe not such a high proportion of students are signing the petitions. There is a great amount of concern on the city campuses as well.

**Senator CROSSIN**—What are some of the reasons they give you for being opposed to these reforms, apart from the fact that the fees more than likely will increase? What is their objection to it?

**Mr Christie**—They are very debt averse. Students are afraid of debt. Ordinary members of the community are riddled with debt. We see that all the time. There are always new figures coming out on how much debt has increased. People are scared of debt. Increasing fees and expecting students who do not have the money to pay those fees up front means that students have to defer those fees in some way. That is going to increase their debt and students are afraid of that; they are afraid of debt. Most people are.

**Ms Davis**—The alternative for seeking revenue to fund universities—if universities in South Australia are not willing to place the burden on students—is that it may fall to private corporations to assist the funding shortfall. We understand that universities require industry links, but we do not want to see this coming in to support the funding shortfall that the government has failed to provide and that students are not able to pay. That would then, obviously, adversely affect the ability of universities to maintain quality education. It is one step closer to privatisation and that is one thing that our members are vehemently opposed to.

**Senator CROSSIN**—You have started the ball rolling with your sign on the door, haven't you?

**Ms Davis**—Indeed, we have.

**Senator CROSSIN**—McDonalds University.

**Ms Heath**—The Adelaide University Union Board resolved to include a referendum question in the election ballot papers—actually, it was more a statement—which was: 'I oppose deregulation of the tertiary education system and further deregulation of university fees and a

corporate increase in public funding for higher education in Australia.’ That was overwhelmingly supported by the student body. I believe the number of students who voted against that was incredibly minimal. I can forward that information to the committee if you would like.

**Senator CROSSIN**—Yes, please.

**Ms Heath**—A few weeks after that we also saw quite a vocal display from over 500 students when the Santos School of Petroleum Engineering was opened over the exact same issues that Emily was talking about before.

**Senator CROSSIN**—We have had a lot of evidence about the impact of the learning entitlement on, particularly, mature age students—people who want to entertain lifelong learning—and women. Do you have a view about whether or not the learning entitlement ought to be implemented and what impact you perceive it may have on groups that you represent?

**Ms Hanson-Young**—Without a doubt, the impact will be reducing the amount of time a student can take to conduct their studies and on them having the most amicable and best situation so that they can achieve good marks and feel fulfilled within themselves with the education that they achieve—most students are very upset about that. It is one of the biggest concerns that current students have—when we speak to them around the campus—especially in terms of how it is going to affect them and their postgraduate studies. That is something which is not overly addressed in the package and is quite concerning. It raises the question: is it going to be left open because people want to play with it a little bit more? Students are concerned about that.

As I said in my opening statement, the university set up a working party to look at different reasons why students are not able to attend classes and their tutorials and put in the most amount of time possible, in light of the fact that something is going to have to happen. They are going to have to encourage students to perhaps give up their part-time job which pays for their rent, otherwise they are not going to pass.

Giving one or two years grace does not really mean anything to somebody who gave birth in their second year of a law degree. It means nothing. If this government wants to promote lifelong learning, allow people to graduate with the best abilities possible, achieve a country which is clever and have a university reputation across the country which is in the top 100 in the world, it has to get its head out of the sand and realise that learning entitlements and caps on learning entitlements is not the way to go.

**Senator CROSSIN**—Does anyone else want to make a comment on that?

**Ms Davis**—It is not so much the demographic that it will not allow through and not give access to, it is more the demographic that it will create in universities that we are concerned about. At the moment Flinders University has a high proportion of women—64 per cent of our students are women. If we are to see a five-year learning entitlement come into effect, the vast majority of our student populace will be directly affected by such a change. That means the people who are able to give up five years maximum of their lives, with no family commitments, no full-time work responsibilities and no mortgage to pay—and I speak directly there about mature age students, so basically students who have enough time and financial support from

home so that they do not need to take any time off to work elsewhere—will be the only students that can successfully achieve a quality degree at a university. That is what we are concerned about.

**Senator CROSSIN**—We have heard a lot of evidence today about the socioeconomic status, particularly in South Australia, with the University of South Australia telling us that at least 48 per cent of their students are in one of the equity groups. We know that there are concerns about the wage capacity being earned in South Australia. Do you think there is anything in this package at all that encourages students from equity groups and students from low socioeconomic backgrounds—students from Elizabeth and Salisbury—to take up a higher education place, given what the next few years hold for them under this package?

**Ms Davis**—In a collective word, no.

**Senator CROSSIN**—Why is that?

**Ms Davis**—The fundamentals of the package seek to exclude a vast majority of the population from ever being able to access a university degree. There is not enough substantial evidence to fully support this, but we can see—considering people are debt averse—that increasing the amount of full fee paying places and attaching a market interest rate to a fee help loans program will do nothing but deter people from low socioeconomic backgrounds from ever even considering university as a step forward for them, as an opportunity or as something that they should be striving towards. That is not acknowledged at all in this package. There is no consideration for equity whatsoever, in the eyes of the student associations and organisations in South Australia, apart from a few scholarships which do not specify any particular equity groups or areas.

We have seen a huge drop, with the ridding of Abstudy, in Indigenous participation in higher education. There is nothing at all to amend that in the package. There is nothing at all that targets particular groups. There is this broad based equity euphemism I believe that is being used, but there is nothing concrete to substantiate the claims that the government is concerned about equity groups. The fact that there is nothing of that in the package means that collectively, no, there is nothing here that we can see as being a priority for the government to increase equity, particularly for South Australians.

**Ms Heath**—There is particular emphasis which needs to be placed on the levels of debt that students are going to be asked to take on. This is something which is already a problem for students from low socioeconomic backgrounds in accessing higher education. I am one of the students from the two postcode areas that the UniSA vice-chancellor was talking about. I vividly recall discussions with my peers at the time I was completing year 10, where the concern about taking on a debt that would be equivalent to someone's entire year's earnings in that sort of circumstance meant that students were, at a year 10 level, not even looking at the possibility of a university education or choosing subjects that would allow them to go on to a university education, because it just was not seen as possible. At that time—around 1996—the HECS levels were incredibly low in comparison to what we are looking at in the proposed package. It is already a problem that students from low socioeconomic backgrounds are facing and I do not think that this package does anything to encourage students to take up education opportunities.

**Senator CROSSIN**—Thank you.

**Senator STOTT DESPOJA**—Ms Heath, in relation to your job as president of the union here, what would the introduction of voluntary student unionism mean for the Adelaide University Union, particularly in terms of job losses? You have answered Senator Crossin's questions about some of the services that would be lost, but in terms of jobs—

**Ms Heath**—In the submission we put forward, our estimation was \$300,000 in terms of job losses. That estimation was based on a reduced operation. However, with the number of full-time staff that we employ, we would be looking at a significant reduction in staff numbers and, potentially, looking at significant reductions in student employment as well. The Adelaide University Union currently employs a significant number of students within commercial operations as a way of fostering student employment. We would be looking at a situation where we would no longer be able to complete that sort of employment either.

The estimation we put in our submission was around \$300,000 worth of redundancies and that was based on a scale downward. I am not sure exactly how many staff members that would equate to, but it would be a significant portion of our work force.

**Senator STOTT DESPOJA**—Flinders and UniSA, do you have any estimates in relation to the potential job losses within your university unions?

**Ms Davis**—We have a split structure of student organisations; we do not have a guild structure. We have a university union employing quite a few students in the food outlets. We have a student association which employs about 15 people. We have a clubs and societies unit, a sports association, an international student association and a postgraduate student association. Overall, if voluntary student unionism were to come in—or, as they have called it, optional membership—the only resources the student association would have are people, in the sense we do not make any money. We put our money into the resources that we have with our academic rights officer, our women's department and the production of student media et cetera. If there were no funds coming through, they would be the only and first asset to go, as far as the student association is concerned.

**Senator STOTT DESPOJA**—Mr Christie?

**Mr Christie**—I do not have specific figures, but our student association provides equal service provision on every one of our campuses, in terms of the bars, the cafeterias and the campus shops. They have to be equal on each campus. We will make a loss on one, but the one that makes a profit will subsidise the other. We are probably the only organisation at this time that would be able to provide the same subsidised benefits to our members, the students at the University of South Australia. We are in a position where we can make a loss on one and a profit on the other. I cannot see any other commercial organisation wanting to enter into such a venture. It is very important for the students at the University of South Australia that we continue to exist and voluntary student unionism does not become a reality.

**Senator STOTT DESPOJA**—I am happy for you to take that on notice. If there is supplementary information that you or your unions want to provide, that will be helpful too. Ms Hanson-Young, you mentioned figures which have been referred to previously to illustrate

the cost shifting—the percentage that students are now paying towards the cost of their degrees—and we have heard from government repeatedly the notion of a 25 per cent or 26 per cent figure. Minister Nelson and others keep telling us that students pay around 25 per cent or 26 per cent. In fact, I think the highest we got was two weeks ago, when Richard Alston said students were paying 27 per cent.

Your figures dispute that very strongly. I know you are using national figures. Do you have any more specific evidence? When you talk about ‘around 40 per cent’, is that the figure you have agreed on? I have heard everything from 33 per cent up to about 50 per cent.

**Ms Hanson-Young**—That is the figure given by the National Union of Students. It is definitely a national figure. With the introduction of differential HECS, that is where you have the discretion over who pays what. At our university the figure I noted in terms of 80 per cent HECS that law students are paying is basically what it is at Adelaide. If full fee paying places were introduced, there is not much more people would be paying for that degree under that system. I can definitely get some more specific Adelaide figures for you, if you like.

**Senator STOTT DESPOJA**—Anything that is campus or university specific would be greatly appreciated. On that note, Ms Hanson-Young, you also referred to living expenses and the cost of living. You said that the Adelaide University was going to undertake some research.

**Ms Hanson-Young**—Yes.

**Senator STOTT DESPOJA**—What was that?

**Ms Hanson-Young**—I am currently sitting on a committee which is looking into the costs students are having to meet while they are going through university, how much they are having to work to foot that bill and how it will impact on their studies. From the university’s perspective, they are quite concerned because of how it relates to academic merit at the end of the day; if people are not graduating with the best marks, it comes back on the university. From the students association perspective, students are paying fees and, whether it is on HECS or up-front, at the end of the day they are paying and should be able to get the best education they can. There need to be programs set up to allow for flexible delivery of teaching.

**Senator STOTT DESPOJA**—You mentioned Flinders University figures. I am not sure, Ms Davis, if you wanted to talk about that research or, even better, if you would be prepared to provide that research to the committee—to actually table the research not just refer to it.

**Ms Hanson-Young**—That was from the *Paying their way* document.

**Senator STOTT DESPOJA**—The AVCC document.

**Ms Hanson-Young**—Yes.

**Senator STOTT DESPOJA**—So there was a quote from the AVCC *Paying their way* and a reference to Flinders University.

**Ms Davis**—To Flinders University students.

**Senator STOTT DESPOJA**—That is an excellent report and it is the one we are getting most of our evidence from, but if there was anything more specific to you universities in addition to that, it would be helpful.

**Ms Hanson-Young**—The reason that Adelaide Uni is now undertaking a study is that, when that study was done by the AVCC, Adelaide University did not participate. Apparently there was a fee, so Adelaide Uni, at that stage, under the previous vice-chancellor, decided not to take it up.

**Senator STOTT DESPOJA**—They were debt-averse, too, were they?

**Ms Hanson-Young**—Now they are—and that is fantastic—but as to when we will get that data, I am not exactly sure. I will pass it on to you, but I am not sure whether we will have it in time for this inquiry.

**Senator STOTT DESPOJA**—In your submission, on behalf of the SAUA—and I think this probably goes for everyone—you say you are going to fight these changes:

... and actively lobby members of the Senate to ensure these changes do not become the latest chapter in the death of public education.

How are your lobbying efforts going? That is a question to anyone who wants to answer.

**Ms Hanson-Young**—To tell you the truth, it is a difficult thing to speak to many politicians about. I am quite disappointed that Senator Tierney has decided to leave the room, because that just shows a complete and utter disrespect for the opinions of students. Apparently he has been doing that all across the country, from what I have heard, so I did expect it. But I must say I am really disappointed in him. The one thing we are trying to do is lobby our own senators. We have had discussions with you and have invited you to certain things, which is fantastic. I do feel, though, at the end of the day students are doing the dirty work for a lot of the political parties within the Senate, in terms of doing the groundwork. There needs to be a lot more community consultation.

I can only speak to students and I can only speak on behalf of students. This is something which is going to affect people who are not at university now; this is going to affect people who are in high schools and primary schools and young parents who think their little Johnny is going to grow up to be a doctor, when actually they might not be able to foot the bill. There needs to be a lot more community consultation. If anything, I would urge senators to try to communicate with the other community groups and not just necessarily with students. It is very difficult for us to tell parents, or other people who are not at university, exactly what is going on.

**Senator STOTT DESPOJA**—What about lobbying not just the politicians but vice-chancellors and university councils? All of you have union and association representatives here. Have your student associations and your union passed any resolutions in relation to the legislation? Are you aware of anything that has been debated, or passed, at your academic or university council or senate?

**Ms Hanson-Young**—There have been a number of motions put to the Adelaide University student community. Two of them are in our submission. They have been tabled at university



council and also academic board. For Adelaide, I am not sure what they have done. We are trying very hard to make sure our university knows where we stand. Today we sent out a joint press release with the University of Adelaide on the marginal figures and the impact that reducing the overloading amounts is going to have on South Australia. That is one of the things we have been working on quite well, and I am very happy to hear that the university is taking our side on that. Having said that, it has been disappointing that the University of Adelaide has not come out as strongly as we would have liked.

**Ms Heath**—As a member of the Adelaide University Council, I am disappointed that we have not had a debate as yet on these issues to the extent I would have anticipated. That is something which needs to be encouraged at all universities. As a student and as a member of that council I have not yet had my opportunity to look at the direction which this university needs to start taking and having some input, as a member of that council, into the perspective of the university on this issue.

In terms of some of the lobbying issues you were talking about before, considering again that in 1999 we were given outright support from university councils across the state, as well as the state government—it was a Liberal government at that time—in terms of VSU issues, because of the funding arrangements highlighted within the legislation that has not been given to us in the same way it was at that time. That is something which is incredibly concerning. At this stage the Adelaide University vice-chancellor has not come out and said that he would unquestionably support compulsory student unionism, because of those links to the funding agreements.

**Ms Davis**—Flinders University took quite a different approach, in the sense that they were not quite reactive or proactive in that sense. We obviously had a lot of waiting around to do while the review was occurring. The academic senate and university council are yet to have solidly passed any motions that pick apart any particular components of the legislation. But we have always been in good communication with the administration in that sense. Our university is satisfied that the student organisations on campus—VSU would never be an option at Flinders University; that is probably the most solid statement we have had on the administration of any part of the package. We have not as yet had any official commentary on such a thing, but we are waiting and, pending a decision, we will obviously be able to strategise our campaign around that.

**Mr Christie**—We have found the management at the University of South Australia have been quite closed in their discussion around these reforms. They really have not gone either way, which you would have seen in the submission. It is very much a ‘sitting on the fence’ kind of submission. We are pleased, though, that they are taking up some of the equity issues. Obviously, the university is founded upon the belief in equity in access, so that is important. The academic board of the University of South Australia late last year did send a letter off to Brendan Nelson, when he was initially discussing some of these ideas for what would be the reform package, opposing the ideas he had aired at that stage. That was the only comment made by our university. Otherwise, they are just holding their cards quite close at the moment.

**Ms Hanson-Young**—The other thing we have done, as a collective of student organisations, is set up the South Australian Public Education Alliance. It is a small group at the moment, but it is growing. It is comprised of student organisations, teachers’ unions and community groups, such as YACSA, who are really concerned about this particular package and are trying to do

something about it. We are organising a public rally for Adelaide on 8 November. That will be the first big thing we want to try to achieve and involve the community.

**Senator STOTT DESPOJA**—Thank you.

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

[3.38 p.m.]

**EDWARDS, Professor Anne Rosalie, Flinders University**

**JONES, Mr Stephen, Flinders University**

**CHAIR**—I welcome Professor Anne Edwards and Mr Jones. The committee has before it submission No. 366. Are there any changes that you would like to make?

**Prof. Edwards**—No.

**CHAIR**—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. I now invite you to make a brief opening statement.

**Prof. Edwards**—Thank you. I do not want to do anything other than highlight the essential points that are made in the written submission. Essentially, they are under ‘key issues’ on page 1. Briefly, we remain very concerned about the relative contributions from public revenue sources and student financial contributions to higher education in Australia. This is a consistent theme that has come from Flinders throughout. I believe that higher education should be a public investment responsibility. While I would not expect HECS to be abandoned at this point, I was among those who argued strongly within the AVCC that full funding of universities should be restored to pre-1996 levels and compared to other countries. That was the preferred position.

However, I agreed in the end with the package that the AVCC put forward, which did include provision for institutions to determine whether or not they would add additional financial contributions to HECS and recognised that some universities might wish to charge up-front full fees. Those elements then became part of Backing Australia’s Future.

I stand by my position in the AVCC that essentially accepted the package in most of its elements then argued through a number of other things, the most important being that it still did not recognise a fundamental indexation component that would be related to a real cost on an annual basis and that would be guaranteed into the future. We do not have that. I have drawn attention to that, and I continue to draw attention to that. What we have is the possibility of additional funding for three years only, and that is contingent on a whole range of things which have nothing to do with whether or not we are delivering quality courses and meeting student demands.

The second cluster of things which I am very concerned about personally, and Flinders has always been committed to, is what we could call the equity access—recognition of financial disadvantage and attempts to increase the representation from lower socioeconomic groups into universities. Flinders’ student population is above the national average in terms of low socioeconomic status, but my understanding is that this reaches into low- and middle-income groups who are affected by the costs, direct and indirect, associated with university education.

I strongly support suggestions that there should be a revisiting of the levels of youth allowance, Abstudy, Austudy and so on which recognises that substantial numbers of students are in part-time work—in some cases, it looks like full-time work—simply to keep going. That is quite independent of the deferred debt they are incurring through HECS. There are a series of financial issues there which were not addressed and about which we are still concerned.

The third major issue which has not had much attention recently is the issue around research. This is a Senate inquiry into all aspects of higher education, as was the previous one. I am committed to the notion that universities engage in high-quality research, including a substantial amount of pure curiosity driven research. That is an essential defining characteristic of a university. At the moment we are looking at research being handled through a series of reviews which are only loosely coordinated. The approach taken last year through the crossroads process at least looked at all the teaching and learning aspects of universities in a coordinated and coherent way.

Finally, there are some concerns about the way in which the Backing Australia's Future package has been presented to us in terms of the administrative machinery that is associated with aspects of this—greater detail in relation to the industrial relations components which are quite prescriptive and, as a package, involves a lot more administrative and bureaucratic record keeping and reporting, and considerable costs associated with that, some of which are probably justifiable. That is a serious concern to the sector, because it is not adequately funded and we will have to take money out of funds that we would otherwise have spent directly on providing for our students, in order to keep these records and transmit them regularly in considerable detail.

**CHAIR**—Thank you. I notice you are the convenor of what newspaper reports title a 'breakaway' group of universities called the IRUA—the Innovative Research Universities Australia group. Why did you feel it necessary to form a separate lobby group within the Australian Vice-Chancellors Committee?

**Prof. Edwards**—The newspaper called us 'breakaway'. Some called us 'disappointed Group of Eight' or something. We did not believe that what we were doing was simply joining the list of other groups who had formed themselves as advocates or special interest.

The particular group that is called the Innovative Research Universities had two principal things it wanted to say. One was that we were all formed at a particular historical point in time in the sixties, when, under Menzies, there was a substantial expansion of higher education opportunities across the country. For us it took the form of establishing a second or third university in a capital city. From the start we were all entering a higher education sector where there already were universities. That had some significant consequences for the ways in which those universities went about setting themselves up.

They tried to be different in terms of their approach to interdisciplinary activities. They certainly tried to address what they saw to be unmet needs of large sections of the population who in the past had not gone to university. These were students coming from other age groups, a high proportion of women students, people from non-traditional student backgrounds and so on. There was a strong commitment to widening access to university and measures to do that. Some of us adopted flatter and more collegial structures. There were a range of ways in which we

thought about being universities in different ways. We still have many of those characteristics. What we are doing now is recognising that there is a benefit in talking across the country about the kinds of challenges that we find ourselves having.

The other side of this is the research agenda, which is a very serious issue for us. We are not the universities that have large historical concentrations of resources and research expertise but we are all, and were all founded from the start to be, research active universities. We are therefore forming a group. If there is a lobbying component, I think it is associated with arguing that we need to continue to be recognised as serious contributors to research in Australia.

**CHAIR**—Your group includes Flinders, Griffith, La Trobe, Macquarie, Murdoch, Newcastle. I detect here there might be some tensions emerging within the Australian Vice-Chancellors Committee between the various interests that have developed. The Group of Eight seem to do extremely well out of this package. Those universities I have just listed seem to be more vulnerable. Would you agree?

**Prof. Edwards**—I have seen some data which suggests that there is no systematic correlation between the group of universities and where they are positioned in relation to the new funding. State factors and composition factors to do with discipline mix and size appear to be relevant considerations. There are winners and losers if you do a straight analysis in each of the groups, including the new universities.

**CHAIR**—There is very little in the way of regional assistance, for instance, to any of those universities, is there?

**Prof. Edwards**—I was not talking about whether we all benefit or lose on any one element in the package. In aggregate it does appear that the groupings themselves are not a predictor of where you will end up positioned on the funding arrangements.

**CHAIR**—I presume it has broader implications on a range of matters that we now have the ATN, the Group of Eight, this particular group. We have others, I suppose, that would see themselves in different categories. Would you agree that the idea of a homogeneous vice-chancellors' view seems a little out of place?

**Prof. Edwards**—You have probably known the vice-chancellors over a longer period than I have. I do not believe they have ever been a homogeneous group. We are more prepared now to talk about the fact that it is a diverse sector. Any vice-chancellor doing their job needs to be looking at the interests of their institution. However, the AVCC did hold together right through that process. There are ways in which we can find common ground.

**CHAIR**—Yes, there are. That is why I would like to draw your attention to some of the comments that have been made by some of your colleagues in this regard. In particular, I will be seeking to establish from you whether or not you think this package needs specific amendments. One of the big winners in this package is the University of Sydney. Professor Brown has told us he thinks this package has obvious deficiencies. He says:

... (i) there is the ill-conceived commitment to Voluntary Student Unionism; (ii) there is an overly tight straitjacket for the distribution and re-distribution of government subsidised university places; (iii) there is an excessive degree of control

inherent in the discipline mix, with the potential for gross intrusion upon university autonomy, academic freedom and student choice; (iv) there is a totally illogical link between increased funding and ideological components of industrial relations ...

He says that the most significant defect is the lack of indexation and that the package is not sustainable in the medium to long term. Would you agree with those assessments?

**Prof. Edwards**—Many of the early parts of what you quoted I said to you a few minutes ago in my own words and were in my own submission. Whether it is not sustainable—I do not know what that means. We only have a package which takes us through to 2008 so, in that sense, no, it clearly is not. I think that he, in particular, selected quotes that have highlighted the things that he is not happy with but not any of the things which are in there that he actively sought. It is a mixture, and in that sense I could give you an entirely negative summary or I could give you a balanced one, which is what I did. There is good and bad in it.

**CHAIR**—Would you like to see amendments in those areas?

**Prof. Edwards**—Indexation, yes.

**CHAIR**—VSU?

**Prof. Edwards**—Not having the additional funding tied to the industrial reform and governance, yes; better provision for student equity scholarships, yes. I cannot remember the whole list.

**CHAIR**—What about university autonomy, academic freedom and student choice?

**Prof. Edwards**—I do not know that this is restricting student choice. We do not know how, in the end, the discipline-course mix of places is going to be delivered on an institution-by-institution basis.

**CHAIR**—University autonomy?

**Prof. Edwards**—I did say that, in order to comply with some of the additional conditions that have been put in the package, we are in fact going to spend a lot more time telling other people what we are doing and possibly be in a position where we are told we should not be doing that.

**CHAIR**—What about the ‘straitjacket’ in terms of the distribution and redistribution of government subsidised places?

**Prof. Edwards**—That is his language.

**CHAIR**—Yes, I know, but would the—

**Prof. Edwards**—That we do not know. Nobody knows. They are currently considering what would be the kinds of models to be adopted for allocating the new places. I do not know what the answer to that one is.

**CHAIR**—If you do not know what is in it, why do you think we should pass it?

**Prof. Edwards**—I know enough of what is in it. I know there is going to be a discussion with the states and with the institutions as to what the components will be in the model that allocates the places. There are, however, fully funded additional places of some significant proportion. They are equivalent to what is being funded at 2,700. That is a better deal than we have at the moment.

**CHAIR**—Professor Gilbert tells us that he thinks that a number of universities will say:

... the impact on the quality of education that we offer, if we are forced to comply with these regulations, is not worth the money.

Would you agree with that?

**Prof. Edwards**—No.

**CHAIR**—Why?

**Prof. Edwards**—Because the universities desperately need more base funding and not more funding simply coming in because they have more places. What the package provides us with is up to 7.5 per cent—

**CHAIR**—Were you surprised when you saw the bill? Were you surprised by the level of intrusion?

**Prof. Edwards**—No, I was not surprised. Most of the elements that we had been led to believe would be in there were in there. Some of the processes by which some of these separate packages of money—programs—are actually going to be assessed and delivered, we still do not know, including the Teaching and Learning Fund. Anybody with any sense would have worked out that no government is ever going to hand out millions of dollars without having formula and criterion processes by which you get them.

**CHAIR**—When was the last time you saw, in a piece of Commonwealth legislation, the Commonwealth minister having the right to pick and choose which courses—I emphasise ‘courses’—the Commonwealth was going to fund?

**Prof. Edwards**—I am not trying to play games but I do not usually read Commonwealth legislation in the process of it being passed.

**CHAIR**—That is what this bill says: the minister can pick and choose a course.

**Prof. Edwards**—Yes, I have looked at this legislation.

**CHAIR**—Were you not surprised by that?

**Prof. Edwards**—It is implicit in the direction in which the funding proposals were going and in the allocation of places.

**CHAIR**—Were you surprised that he has the capacity to close a university down if he thinks there are too many in this state?

**Prof. Edwards**—Yes, I suppose. It is highly hypothetical, but yes.

**CHAIR**—It is not hypothetical. The minister has the capacity here to determine the course load across the state. He has the capacity to determine carte blanche on an individual university basis. That is in section 30-25. He has the capacity to specify the number of places that are actually supported at each level of study and which particular courses attract a regional loading. He has the capacity, by way of formal contractual agreement, to penalise a university that does not meet his specifications in the undergraduate and postgraduate courses. He has the capacity to, as I say, breach a university that fails to enter into those agreements. Were any of these a surprise to you?

**Prof. Edwards**—Ministers always have powers. That is the way it has been.

**CHAIR**—The Commonwealth minister has the power to determine courses. I am interested to know under what piece of legislation that has ever existed.

**Prof. Edwards**—I was not vice-chancellor then, but I suppose they did that when they introduced the unified national system and the relative funding body.

**Senator TIERNEY**—And the profiling.

**CHAIR**—But the profiling does not determine the minister's capacity to pick and choose a course.

**Prof. Edwards**—It probably could, but it has not been used for the last 10 years. There are powers that people have that they may or may not utilise.

**Senator TIERNEY**—Exactly right.

**CHAIR**—But section 36-25 determines the percentage to be declared by the minister of full fee paying places at a particular course. That includes this 50 per cent figure and also international students. Page 51 of the bill says that, of course, there must be at least 50 per cent HECS funded places. Therefore, there must be no more than 50 per cent fee-paying places. That includes international students. Do you have any courses at the moment which would have more than 50 per cent international students?

**Prof. Edwards**—No.

**CHAIR**—Do you know of universities that do?

**Prof. Edwards**—Some probably do.

**CHAIR**—Would it surprise you to hear that the minister has now imposed a condition where there can only be 50 per cent international students?



**Prof. Edwards**—Would it surprise me? No. Is it a good thing? Yes, it probably is. I do not believe that international students coming to Australia expect to find themselves 60 per cent or 70 per cent of the student group.

**CHAIR**—Professor Chubb has put a view to his council members, in terms of the industrial relations package, that he intends to proceed with EB negotiations and he is unhappy about the compliance requirements. He also says that these requirements ‘intrude deeply into how we manage our affairs and go beyond what we thought had been discussed with the minister’. Do you share the view that these intrusions go beyond what you have discussed with the minister?

**Prof. Edwards**—Some of the specifics in the recent industrial relations package certainly were not discussed at any meetings I was involved in, particularly the possibility that institutions might agree with the unions as part of an enterprise bargaining agreement. What percentage could be casual session staff has not been raised, to my knowledge, anywhere else, although it is an issue in the Industrial Relations Commission.

**CHAIR**—Flinders University currently has just over 700 overenrolled students?

**Prof. Edwards**—Yes.

**CHAIR**—Marginal funded places. They will be phased out under this arrangement and they will be replaced from 2007 with fully funded places. Do you have any guarantee that those overenrolled places that you currently have will in fact be replaced by fully funded places?

**Prof. Edwards**—I thought they were coming in before 2007, that they were being phased in from 2005.

**CHAIR**—Do you have any guarantee that the number of places currently offered by your university will be maintained?

**Prof. Edwards**—No. Nobody has any guarantees.

**Senator TIERNEY**—Twenty-odd thousand—they have to go somewhere, Senator.

**CHAIR**—We have had demands from all over the country that they go there. I am interested, given what the secretary to the department has said about the demographic growth in this state, whether the numbers of actual places in the system will have declined overall. The number of marginal funded places being phased out is greater than the number of places coming in, and they do not come in until 2007. You would agree with that, wouldn't you?

**Prof. Edwards**—I am clearly wrong and I am sure you are right, but I did not understand we were waiting until 2007. I do not understand that is the case.

**CHAIR**—You will appreciate there is no growth in the system.

**Prof. Edwards**—I am at the moment discussing with the department a phasing in from 2005.

**CHAIR**—How many places do you expect to have?

**Prof. Edwards**—I do not know, but clearly all states and all institutions are putting forward proposals around the kinds of criteria they think would be fair to apply in determining where those additional places are redistributed.

**CHAIR**—Will your university be increasing HECS fees?

**Prof. Edwards**—We have not made a decision.

**CHAIR**—When will you be able to make a decision?

**Prof. Edwards**—When we finally have legislation determined.

**CHAIR**—Do you expect this legislation to pass in its current form?

**Prof. Edwards**—I cannot pass an opinion on that. Everybody has a view. I have my own view, and I am entitled to it, but I do not have to tell you what it is.

**CHAIR**—You do not wish to share that with the committee? Fair enough.

**Senator TIERNEY**—Professor Brown keeps getting quoted—as you quite rightly point out, Professor—selectively.

**CHAIR**—We have a copy of the submission.

**Senator TIERNEY**—I am sure he said other things apart from what you quoted, Senator, in terms of sustainability. If this legislation does not go through, obviously we will have the system that we have now. I just wonder what your view is in terms of sustainability if we stay as we are, or whether it would be a better idea to go to a system where over the next 10 years we put in another \$10½ billion of public money and give universities more flexibility in the way in which they raise funds from other sources.

**Prof. Edwards**—I absolutely believe that the university sector needs more money. I still reiterate that it needs two kinds of money: the first is to restore it to where it would have been had it not had funds reduced from 1996; the second is a proper indexation mechanism built into the future so we can plan for two- or three-year rolling budgets. That is the ideal. What we have been offered is an increase for the next three years if we meet certain criteria and some other designated program funding for some of the things we do, which again were part of what the AVCC thought was an appropriate way to fund and which would allow different institutions to specialise or to emphasise particular areas and then to bid for those funds competitively.

If the university sector does not have an injection of funds then I do believe it is an extremely serious condition. Whether one goes back to a previous Senate inquiry's language of being in crisis or not, nobody would deny that the university sector desperately needs an injection of funds. In that sense, if this particular package is unsuccessful and there is no other alternative put forward, the issue of sustainability is an acute one.

**Senator TIERNEY**—The measures in relation to industrial relations have created a fair bit of posturing from the NTEU. I wonder if you read the editorial in the *Australian* last Wednesday

which states that the legislation really does not go far enough and that we should have Australian workplace agreements right across the whole system. We are not proposing that; we are proposing something far more modest: that AWAs should be available if particular staff want them. Why is that such a great problem?

**Prof. Edwards**—It is a question of what the precise wording is that is being suggested we should all insert into an agreement and what it actually means. Theoretically, it could simply mean there is a clause which says that if individuals come forward and say, in particular, they would like to negotiate an AWA, why would the university not allow them to do so? I do not have so much trouble with that. I do have a problem with something which seems to be suggesting that we individually engage in some kind of communication with all staff members which says to them, ‘Do you wish to have one of these?’ That seems to me to be a time consuming and unnecessary activity. If they want one, they can have one.

If it actually means that we are, as the editorial suggested, much better off if we change the arrangements we have and provide every one of our 1,500, 2,000, 4,000 or 5,000 employees with an individual agreement, the mind boggles at how that could possibly be seen as an efficiency, with the sheer time it would take for everybody to work out what they want and what they do not want. No other workplace in Australia operates on that basis, and I cannot see why universities should be the lead site for such a thing.

**Senator TIERNEY**—AWAs are available in the Public Service, some of which impinges on universities and places like the Australian Maritime College.

**Prof. Edwards**—But not every individual staff member is required to have one.

**Senator TIERNEY**—No, I realise that. I am curious about the NTEU’s position on this, because they are already involved with these and other parts.

**Prof. Edwards**—No doubt you can ask the NTEU their view. I am not guessing what they might think.

**Senator TIERNEY**—We have obviously done that, but I am asking from your perspective whether this is a serious objection or whether it is just posturing, given that in your view it is a minimal change.

**Prof. Edwards**—I think, from their point of view, it is a serious objection.

**Senator TIERNEY**—But only because they like their cosy current arrangements, where they have complete control from their side. There is no other alternative coming from the employer side through, say, AWAs. Is it not just that they want to keep a cosy arrangement within universities? If they do, does that not disadvantage you, as a university in this state, compared to the Group of Eight where there might, through pattern bargaining, be a position set in a university with more resources and then you have to cop the flow-on of that? Doesn’t that system put your university at a disadvantage? You do not have control over it.

**Prof. Edwards**—I see the issue about the current workplace legislation, which provides for unions to be the negotiators with employers. We are acting within that legislation. That is a

separate question about whether some individuals in an enterprise have the opportunity to have an individual agreement, which they do now, or whether it takes the particular form of an AWA, which they do not now. I think they are different issues. The issue about whether or not the university sector should continue to negotiate with unions and not individually with their staff members at the time of an enterprise bargain agreement is a different question—and that is not being addressed in the legislation.

**Senator TIERNEY**—But that is not being proposed.

**Prof. Edwards**—No.

**Senator TIERNEY**—If people had the opportunity for an AWA, I would be very surprised if every member of the teaching staff rushed out to get one.

**Prof. Edwards**—So would I!

**Senator TIERNEY**—There is obviously going to be a large proportion of staff in the foreseeable future under awards and you will still be dealing with the unions. This is what a lot of industries are starting to trend towards, giving greater flexibility in the work force. Wouldn't that be a better direction to at least start on? That is all that is suggested here.

**Prof. Edwards**—I do not personally think that we lack flexibility in very many key areas. My senior faculty cost centre heads and I do not find ourselves constantly frustrated in the things that we would like to do by formal conditions that we work with. I think it is much more to do with the network of relationships that you establish with your staff over time and whether you can put together sensible proposals which you can discuss around a table which would improve practices for everybody. But that is a wider question about how you manage industrial relations, and not specifically about this matter.

**Senator TIERNEY**—You have some flexibility under the current arrangements—

**Prof. Edwards**—Yes.

**Senator TIERNEY**—but it is usually for the top end of the work force in terms of salary, is it not? The vast majority of your staff would be on a standard award arrangement, would they not?

**Prof. Edwards**—That is flexibility in relation to how much they are paid. In terms of most other areas that matter to people, it is the conditions they find in their working environment and how much choice they have over what they do, when they do it and how much satisfaction they get out of it. We have plenty of capacity within the universities to meet those needs for flexibility.

**Senator TIERNEY**—In terms of the demographics of the state and the drift of places that would probably happen long term, if we followed the straight demographic shifts—for example, you have just lost a seat from South Australia and Queensland has gained one—similar things possibly could happen with places over time. Has your university put up any arguments for why the state perhaps should retain or gain places based on participation rates, for example, which I believe are lower in this state than in other areas?

**Prof. Edwards**—Yes.

**Senator TIERNEY**—Has that been seriously put forward as a—

**Prof. Edwards**—They have, indeed, by the universities in conjunction with the state government, which has looked very carefully at a whole range of demographic measures of various kinds, including the participation rates for different age groups, working through the population. That goes way beyond what the demographic is expected to be for the 15- to 19-year-old group in total in the next 10 years or 20 years, which is the first demographic which tends to be used, not in terms of absolute total numbers in that particular age group but certainly in terms of what we are expecting of an increased take-up in post-secondary education from all age groups.

South Australia has significantly lower rates currently of any education after school for most age groups. We are closer to Tasmania in terms of those rates. This is a state whose economic future depends on individual skills, training and capacity to contribute to a changing industry and a changing work force. There is, obviously, considerable pressure on a whole range of people to look at returning to some form of education or training. Many other states are in that same position and the arguments that are going to be put are to do with the economic and social needs of the states on a comparative and probably, unfortunately, a competitive basis as part of the mix.

That is a very important part of the mix, but I certainly would not deny that you also have to look at the absolute numbers of students in the principal cohorts who are coming through schools with the right academic qualifications and wanting to go into universities. There is still an unmet demand of that kind in South Australia currently, some of which is being absorbed by the current overenrolment that Senator Carr referred to earlier.

**Senator TIERNEY**—Of course, in terms of lifelong education, unmet demand clouds the straight university participation rate as well, does it not? If more older people started coming into the university sector, it is a matter not just of the way the relative populations are going but of the way in which populations are trying to get involved in upskilling their positions or just getting into lifelong education. Are you finding trends in the university towards a great balance that way—which might to some extent ameliorate this demographic problem—with the older age groups seeking higher participation in tertiary education?

**Prof. Edwards**—Flinders has never been a university which took in 90 per cent or more of its students from school; it never has. That is another of the characteristics of the group I was just talking about.

**Senator TIERNEY**—That group of universities established in the sixties?

**Prof. Edwards**—Yes, all those universities had—

**Senator TIERNEY**—The Menzies universities?

**Prof. Edwards**—Yes. There are different ways of describing them. That has certainly been a characteristic of the two of the universities in South Australia—less so for Adelaide University—

and that has been a significant part of the student composition of Flinders all the way through. That may well increase further. We are actively promoting those kinds of opportunities in regions of South Australia which traditionally have had very low participation rates and it clearly has an impact. It also addresses unemployment and underemployment directly by providing people with opportunities to gain skills which then get them a place in the work force. I include women in that group.

**Senator TIERNEY**—The focus is constantly on the federal government in terms of funds and universities, but of course you are all under state legislation and universities play a critical role in the economic development of the state. Can you give us some sense in South Australia of the balance for you in terms of support from the state government for your university? As industrialisation becomes a declining sector of the economy, the move towards technology has been a boost for South Australia. It would be something the South Australian government, one would think, would support. What are they doing in real terms to support that in your university versus what they might take out, for example, on state taxes and compliance costs? I do not know if you have done the sums on your net balance of money in and out from the state government.

**Prof. Edwards**—Looking at the last couple of years, when we had a change of government in South Australia, you see that one of the features of that government was to take an overall look at the needs of the state across developing industries, research, infrastructure, IT and the areas in which the particular universities in South Australia have a national or at least a distinctive competitive advantage and then work with the universities, through joint bodies, to establish which would be the high priority areas the state would best benefit from, with some relatively modest investment.

The state government does not believe it is in a position to inject anything like the scale of funds that Queensland or Victoria has, but certainly the approach they are taking is to look across TAFE, university research and industry sectors at areas for innovation and investment and to do that, as far as possible, through a consultation process so we are all well aware of what those areas might be. We are asked to provide input to those processes and attempt to work on this as a collaborative, rather than a competitive, activity.

**Senator TIERNEY**—What about the costs that states impose on universities through various taxes and compliance fees?

**Prof. Edwards**—We pay payroll tax. I do not think there are any other very substantial taxes or fees.

**Senator TIERNEY**—The states are very good at putting in legislation that universities must comply with this, that and the other, but they do not tend to put a budget with it.

**Prof. Edwards**—No.

**Senator TIERNEY**—They tend to require that the institutions pick up those costs. Have you ever done a study on that—

**Prof. Edwards**—No.

**Senator TIERNEY**—in terms of money drained out by the state governments?

**Prof. Edwards**—I do not think there is a substantial drain in the areas of compliance that we have at the moment.

**Senator TIERNEY**—I have one final question relating to the possible future direction. I do not know whether you are aware of the Labor policy of Aiming Higher—

**Prof. Edwards**—I am.

**Senator TIERNEY**—which is tending to put this more back onto the federal budget, and there is certainly a lot less in terms of ways in which you could use fee income to support the operations of the university, but that is probably the third alternative. I mentioned two before: that we either go on as we are or pass this legislation. If the Labor government get in, they have already indicated in Aiming Higher that they will take a different approach. What would happen with Flinders if there were no fees charged and you had to rely on the federal budget?

**Prof. Edwards**—It is difficult to assess because I do not think anybody knows now what level of real demand there would be for fee paying, or for HECS plus core courses in different institutions in 2005. That is not to say that we are not all attempting to try and assess that, but from an economist's point of view there are so many imponderables and uncertainties that it is extremely difficult to do. What student responses to that will be in significant numbers is quite hard to predict.

From the point of view of a university like Flinders, we would probably be better off if there was an increased contribution coming in the form of an operating grant from the federal government than in trying to assess how to maintain quality of courses, keep the students we have—many of whom do not come from high or upper middle income brackets—and manage through the mixed model we currently have.

**Senator TIERNEY**—History would show, over the last 20 years, that would be a great hope. It would be more a hope, wouldn't it?

**Prof. Edwards**—It might be. You asked me a direct question and I think about a billion dollars more would flow through to institutions on the basis of their places, whereas the arrangements we have at the moment will depend on whether there are students who wish to come to Flinders if they have to pay more to get there. I do not know the answer to that question.

**Senator TIERNEY**—Thank you.

**Senator STOTT DESPOJA**—Professor Edwards, have you done any modelling in relation to either the reforms as they were originally presented or since the changes were announced by Minister Nelson? If so, how better or worse off would your institution be?

**Prof. Edwards**—We have done modelling only, to this point, on absolutely certain parts of the package that we would expect to get access to—for the sake of argument, assuming that we will meet the requirements which gain access to the full \$100 million—so that is an assumption. As far as our share of the fully funded places that will come on stream is concerned, there are

different ways in which we might evaluate that. That information I am not prepared to share. In terms of what we might or might not do in relation to HECS and full fees, as I have said earlier, that is not something we have discussed within the university and I am not prepared to speculate about alternatives. If you leave those two out, we are pretty well exactly where we are now.

**Senator STOTT DESPOJA**—The NTEU—admittedly they have older modelling; certainly their submission predates the Nelson changes—estimate Flinders University in 2005 will be worse off by around \$2,342,000. Does that sound wrong to you?

**Prof. Edwards**—It does.

**Senator STOTT DESPOJA**—When you say you are not prepared to share that information, are you not willing to table the modelling for the committee?

**Prof. Edwards**—No.

**Senator STOTT DESPOJA**—That is obviously not information from DEST.

**Prof. Edwards**—No.

**Senator STOTT DESPOJA**—Is that modelling you have commissioned?

**Prof. Edwards**—Yes.

**Senator STOTT DESPOJA**—May we ask who did that modelling?

**Prof. Edwards**—Phillips Curran.

**Senator STOTT DESPOJA**—You mentioned the difficulty in, for example, writing to all staff in relation to AWAs et cetera. How much would you estimate it would cost your institution in providing or doing the administrative work which would necessarily be entailed if you met those requirements for the additional Commonwealth grants?

**Prof. Edwards**—I really do not know. We only saw the legislation recently and I certainly have not had the opportunity to work through, in great detail, pages and pages to work out what that might mean.

**Senator STOTT DESPOJA**—Sure.

**Prof. Edwards**—It depends, obviously, how the AWA condition is interpreted and how we are expected to behave in order to meet it. That is, again, something which is not entirely clear to me. If it were the case, for instance, that the government was convinced—as it says it is—that this is an extremely important and significant choice and that all staff should be given the opportunity to pursue it, I take it you would then have to make sure you provided them with quite detailed information about the advantages and presumably disadvantages of seeking an individual AWA. That would have to be done in a thoughtful and careful way, and one would presumably also need to provide them with information about whether or not, generally



speaking, other workplaces and other industries have found AWAs to be beneficial so that individual staff members could make an intelligent choice.

If you were going down that path, I see it as being really quite time consuming and a difficult task. If it simply means sending a two-line email to every staff member which says, 'I should make you aware that you are now able, if this goes through, to seek an AWA with Flinders University as your employer. If you wish to follow this up then go and talk to X,' that is quite straightforward and not very expensive. It is a question of thinking through and being advised as to what kind of implementation is really intended. I do not know that anybody at the moment really knows.

**Senator STOTT DESPOJA**—Will you take further questions on notice, in the interests of time?

**Prof. Edwards**—Yes.

**Senator STOTT DESPOJA**—Thank you.

**CHAIR**—Thank you very much for your assistance here today, Vice-Chancellor.

[4.25 p.m.]

**LOMAX-SMITH, the Hon. Dr Jane Diane, Minister for Tourism; Minister for Science and Information Technology; and Minister for Employment, Training and Further Education, Government of South Australia**

**SYMONDS, Mr Richard Hugh, Director, Higher Education Unit, Department for Further Education, Employment, Science and Technology, Government of South Australia**

**CHAIR**—It is unusual for the committee to have a state minister appear before it, so we do thank you very much for your time today. The committee has before it submission No. 452. Are there any changes you wish to make?

**Dr Lomax-Smith**—No, there are not.

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

**Dr Lomax-Smith**—As you say, ministers do not often come to make representations, but I feel so strongly about these reforms that I am keen to put my voice on the record on this matter. I would firstly say that it is with some consternation that I note there has been a decline in university funding over recent years. The information I have suggests that between 1996 and 2000 there has been a 19 per cent drop per capita in university funding, compared to a 40 per cent increase per capita in private school funding and 6.6 per cent increase per capita in public school funding. I find these statistics worthy of note. At the same time I would like to point out that this state has particular issues that will impact here more strongly than in other states. We are at risk of losing growth funds because there is a perception that we are an ageing and low-growth state.

I would like to make the committee aware of facts that are particularly relevant in this state. Our year 12 retention level had fallen to 57 per cent when we took over government two years ago. With that, there was a decreased capacity for young people to reach university on school leaving. Clearly we have implemented a series of actions aimed at increasing school retention levels and, in addition, have a series of measures to achieve some recovery of those young people who have dropped out of school, out of training and out of employment. That will increase the demand for university education, albeit against the background that we do not have a very great increase in our population levels.

In addition, of course, our universities are not merely a reflection of young people's numbers; we have a requirement for ongoing learning. One of our universities, Flinders University—and the University of South Australia to a lesser extent—has large numbers of mature students who require training. The situation in South Australia is that 48.8 per cent of our population have no post-school qualifications, compared to 45.5 per cent in the rest of the country. That points to a

less skilled, less trained work force and a higher need for training and higher education in this state.

We also have issues relating to accessibility and the capacity of people to get to university, especially from regional and rural areas. Our universities do provide regional and rural outreach facilities which are not categorised in the non-capital city assessment of our universities. I would argue that even our capital city universities are more like regional campuses—like those in outer Sydney areas and distant campuses from the east coast. It is a function of our dispersed community.

In relation to some of the changes that have been made from the first document, or second document, there are some changes that I am very pleased have been made. The changes that have already been made in line with our first submission, I am pleased about. The changes that have occurred relate to expanding the limit on marginally funded places from two per cent to five per cent, increasing the regional allowance to cover external student load at rural campuses, allowing the discussion about scholarships not being counted as income for tax purposes and extending the learning entitlement for certain courses and combinations of study.

The areas that I am particularly concerned about are affordability and accessibility to our universities. That relates to the quantum of costs that students will be expected to pay. If I could just compare our TAFE institutions in this state, we currently have 9.6 per cent of that cost being borne by a student. I suspect the excess of 30 per cent borne by university students by 2005 will have a severely limiting impact or produce a limitation on young people trying to get into university, as indeed will be the level of income at which HECS repayments are made. It is worth recalling that South Australia has a lower per capita income than the rest of Australia. Its weekly earnings are \$671.30 compared to \$725.40 in the rest of the country. You might argue that the HECS repayments do not kick in until a later time, but the impost on people with low incomes and fear of debt is very significant in this state. The shifting of people from a HECS position to a full fee paying position will produce an equity challenge to our community which I think is very significant.

The other matters of concern to me are the IR changes. These IR amendments are something of an overarching strategy by the federal government. The prerequisite for industrial relations changes has appeared also in the tourism plan and we are now seeing it in the higher education documentation. It makes it clear that funding will be tied to changes which are neither called for nor warranted and will produce some considerable disruption to the sector. I am very happy to speak specifically about the issues raised in our documentation, but I am particularly keen to make the committee understand that we take these changes very seriously. We oppose many of the measures and we would like to make representations on behalf of the state, if time allows.

**CHAIR**—Thank you very much, Minister. The submission you put before us says:

The rest of Australia will be served by second or third order institutions, with the most marginal serving students in rural locations.

We may also witness an increasing division in student access to university between those who can afford to study and those excluded simply for the reason that poverty deters them from taking on debt.

This package has the potential to reduce, not enhance the sector; to pitch institution against institution; to over-regulate and punish; to shift the cost of education to one of the beneficiaries, the student, and totally ignore the other beneficiaries: industry and other sections of the economy and the broader Australian community.

Have you had any reason to change any views that you have expressed?

**Dr Lomax-Smith**—No. The position of this state government is that we believe education is a public benefit, not a solely private benefit; it is a public good. I think these changes are driven by funding measures which will have the effect of making education become a private advantage, not a public good.

**CHAIR**—Have your officers had an opportunity to go through this legislation?

**Dr Lomax-Smith**—I believe they have.

**Mr Symonds**—I have people in my office who have gone through it, but I have not gone through it at this stage.

**CHAIR**—Are you surprised by the level of intervention that is proposed, in terms of the Commonwealth minister's capacity to determine the operations and management of individual institutions?

**Dr Lomax-Smith**—I think the governance issues are of some concern, because clearly a system which imposes funding based on prerequisites and preconditions does make it very difficult for our universities to plan for the future. I think it is unwarranted intervention. You cannot have world-class universities who are constantly being told to change the rules.

**CHAIR**—The clauses of this bill that concern members of this committee go to the capacity of the minister to determine individual courses. Subclauses 30-2(5) go to the capacity of the Commonwealth to set conditions for individual institutions, to the point whereby the minister may choose not to fund an individual institution. In the case of South Australia it could lead to a circumstance where the minister chooses to force an amalgamation.

**Dr Lomax-Smith**—We do not, as a government, support forced amalgamations of our universities. I know there is a view that there are economies of scale, but on a world basis there are universities which are smaller than any of our universities. I think the issue is about collaboration and delivery of good courses.

**CHAIR**—Yes.

**Dr Lomax-Smith**—We have a close involvement with our universities, but we would see that there are local issues that override national issues in terms of industry sectors and business requirements for manufacturing or health service resourcing. It would be more sensible if our universities were allowed to manage the load locally as they see fit.

**CHAIR**—The problem with that is that, if this bill passes, your opinions would count for very little. In fact, I put it to you that if this bill passes there would be no role for the state in higher education in this state. Have you had any opportunity to assess that proposition?

**Dr Lomax-Smith**—Not to that level, but clearly the federal government is the major funder of universities, so our capacity to affect their management is limited by goodwill and collaboration. We do fund, to a very small part, but it sounds to me, from what you have just said, that we would not even be able to fund those courses where they are an economic imperative within our state. That would be a tragedy.

**CHAIR**—Have you had a look at the constitutional legalities of this bill?

**Dr Lomax-Smith**—I have not.

**CHAIR**—I ask if you could perhaps take this on notice: that you have officers examine those issues, given what I have just said to you—

**Dr Lomax-Smith**—I will, indeed.

**CHAIR**—and given the fact that universities in this state are subject to the Loan Council requirements of this state and they are state institutions but under this bill there is an effective Commonwealth takeover.

**Dr Lomax-Smith**—We will look at that.

**CHAIR**—Have a look at the constitutional issues in that regard.

**Dr Lomax-Smith**—We will take it on notice, thank you.

**CHAIR**—The other issue goes to industrial relations. There have been questions put to this committee concerning the legality of that insofar as it is retrospective and imposes a penalty retrospectively—that is, at some point there will be legislation passed, backdated according to the edicts the government issued last Monday. Could you have a look at the legality of that matter as well?

**Dr Lomax-Smith**—We will, indeed.

**CHAIR**—I would appreciate that. In terms of the teaching loads in this state there has been concern expressed today that there could be a shift away from South Australia, with a change from overenrolled or marginally funded places to fully funded places, but there would be no guarantee that South Australia would get those fully funded places. Have you had an opportunity to discuss any of those matters with the Commonwealth government?

**Dr Lomax-Smith**—We have had some discussions in our ministerial conferences, but clearly we are waiting for the outcome of deliberations in the Senate. We have generally expressed the views that have been set out in the submission to this committee.

**CHAIR**—Thank you very much.

**Senator TIERNEY**—You did mention demography and a number of other witnesses have also mentioned it. Has your government made representations concerning the ameliorating factor of the relative shift in the demography of Australia in relation to lower participation rates in

South Australia and also, possibly, the changing mix—particularly at universities like Flinders—of school leavers versus people coming back as mature age students as an argument for more places against the trend to states with increasing populations?

**Dr Lomax-Smith**—We have made representations to the federal minister and the argument has been as I have put it today. The issue for us is that we believe there is effectively unmet demand and there will be unmet demand when we improve school retention levels and the other range of social inclusion measures we are taking within the state.

**Senator TIERNEY**—We have found in many regions in Australia, and it would apply to South Australia as well, that universities are major drivers of the economy. What proactive steps is the South Australian government taking to assist that process of using the universities and what they can provide in terms of research and industry to develop the economy?

**Dr Lomax-Smith**—We have been proactive in working with the universities. We recognise our universities are major economic drivers. That relates to a range of activities. They are very large employers. They generate knowledge and skills within the community. They are also economic drivers in terms of the numbers of overseas students they bring to the state and the impact, which is about a quarter of a billion dollars currently per annum from overseas students.

As a government we have a Higher Education Council, which is a system whereby the three vice-chancellors meet with me regularly and work towards a dialogue to align activities within the universities with the state economic and strategic plan. We have a group called the Premier's Science and Research Council, which looks at the scientific basis for our economic and future employment and job opportunities as well as intellectual property, commercialisation and economic development from purely science activities.

We try to align our research activities with incentives and some financial investment into areas where the research aligns with our state strategic plan and our economic opportunities—that is, largely where we have strengths in research. Research areas of strength in this state are medical biotechnology, plant and animal studies, nanotechnology and pharmaceutical areas. We specifically put funds into research in those areas and support those areas of scientific endeavour.

We also work with the university vice-chancellors to form collaborative systems whereby the three universities can work together in areas of common interest. This works over areas as wide reaching as a tourism working party, where the universities work together, and nanotechnology research—almost every sphere you can imagine. There is very strong collaboration and work between the universities and the government.

**Senator TIERNEY**—You mentioned there is a budget for supporting research in universities in terms of state priorities. What sort of money do you put into this?

**Dr Lomax-Smith**—We put between \$20 million and \$30 million a year into the universities.

**Senator TIERNEY**—This is purely research money to universities?

**Dr Lomax-Smith**—It depends how you define research. Some of it goes into non-science research. It goes into economic areas. It goes into salaries. It goes into set-ups for all research units. A lot of the money we put in goes into infrastructure development, particularly where there is a requirement for research facilities. We also give money in terms of matching funds from major federal funding bodies.

**Mr Symonds**—There are also supporting chairs in the medical area, chairs of oncology and others to support the medical schools.

**Senator TIERNEY**—Given the importance of universities to driving the future directions of the state, why do you put so little money into it?

**Dr Lomax-Smith**—That is an extremely large amount of money. We are a small state. Our population is 1.3 million. We have a much smaller GDP.

**Senator TIERNEY**—I understand that. It is still not a lot of money.

**Dr Lomax-Smith**—If you look at the percentage of GDP that we as a state put into research, it is higher than any other state in this country. I think you will be pleased to hear that.

**Senator TIERNEY**—What about the infrastructure in terms of support for higher education operations? For example, Mr Symonds, how many staff do you have in the higher education unit?

**Mr Symonds**—We have a budget for five staff. At present only three positions are filled. Additionally, there is a section within the department which looks after the registration and quality of other non-university higher education providers. Two staff are involved in that process. The state also puts money into Education Adelaide, a public corporation into which the universities and the city council also put money to support and encourage overseas students to come to Adelaide.

**Senator TIERNEY**—How many public servants do you have in the education department?

**Dr Lomax-Smith**—I am the Minister for Training and Further Education, not the minister for education, so it is a different figure. We have TAFEs in this state. I do not know that it is a meaningful figure for you.

**Senator TIERNEY**—How many is it?

**Dr Lomax-Smith**—Do you mean teaching within TAFE?

**Senator TIERNEY**—No, I meant in the administrative support units.

**Dr Lomax-Smith**—Six hundred.

**Senator TIERNEY**—But only six or seven in the higher education section.

**Dr Lomax-Smith**—We have very onerous obligations. As the ministry in charge of registration, accreditation and training, we have to administer 35,000 apprentices and trainees. We do the RTOs accreditation. That includes all the employment staff as well. It is an aggregated department which deals with employment and training and further education. It is worth noting that the responsibility for university education rests firmly in the domain of the federal government. The only reason we are involved in this area at all is that we recognise the importance of universities and wish to support our universities in supporting our economic plan.

**Senator TIERNEY**—You have legislative control as well. I would have thought, given the opportunities you have with three universities and their research drive, they could underpin your economy. In terms of public administration, how do you take advantage of that opportunity through your administrative structures if you have so few people involved?

**Mr Symonds**—The higher education unit is the coordinating unit. We work right across government. There are a number of people in other departments who are working with our universities. It is not as if there are only five people in the entire government working with universities.

**Senator TIERNEY**—Could you just take on notice how many that is? I am sure you would not have the figure off the top of your head, but perhaps you could take that on notice.

**Mr Symonds**—Certainly.

**Senator TIERNEY**—Thank you.

**Senator STOTT DESPOJA**—Minister, has the state government undertaken any analysis of the impact of the higher education reforms on our state? I mean by that any modelling to determine how many places would be lost from the three institutions or how much money would be lost from the institutions.

**Dr Lomax-Smith**—There was some research done but I am not sure of its status and whether I am allowed to give you the whole report. It was a confidential report.

**Senator STOTT DESPOJA**—I am happy for you to take that on notice if you would prefer—if there is anything beneficial you could provide to the committee. Senator Carr touched on the governance issues in his question in relation to whether or not your department had looked into the constitutional implications. More specifically, have you had any discussions or any meetings with any of the universities? That includes student representatives or, more specifically, vice-chancellors. Have you started discussing potential governance changes as a result of this package?

**Dr Lomax-Smith**—We have discussed that with the vice-chancellors. My understanding is that they are all opposed to the changes.

**Senator STOTT DESPOJA**—You have met with all three vice-chancellors?



**Dr Lomax-Smith**—We meet regularly. We have a series of levels of meeting. We also deal with pro-vice-chancellors research. We meet them regularly. The vice-chancellors themselves have recorded opposition to the changes.

**Senator STOTT DESPOJA**—Thank you for putting on record today your concerns with the proposed increased charges. Can I just clarify that the state government's position is to oppose the increase in the HECS fees by up to 30 per cent?

**Dr Lomax-Smith**—Yes. The other issue we have opposed consistently has been the notion of HECS charges being placed upon TAFE students. We were particularly shocked at the suggestion that anyone who had undertaken a diploma in a TAFE institute had been rorting the system and used that as a way of getting a university education on the cheap. Our view is that seven to eight times more people go from university to TAFEs than go from TAFE to university. Anyone that chooses this hard task and this hard path should be applauded and commended. We would be opposed to not only HECS fees being directed towards TAFE graduates but also any attempt to claw back fees from people who get recognition of prior learning to allow them access to university and to use their prior experience at TAFE.

**Senator STOTT DESPOJA**—Minister, you mentioned overseas students and their importance. I asked a question of other witnesses but also specifically of other governments that I would like to ask you. You would be aware that recently the Senate decided to not disallow a provision that allowed for increased charges for overseas students. We have dealt with an increase in the visa for overseas students themselves but also an increase in the cost for their providers. I am asking witnesses and government in particular if they wish the Senate to revisit that price hike for overseas students. Do you have an opinion on that?

**Dr Lomax-Smith**—I honestly have not considered that as an issue to be discussed, but my personal view is that I believe the providers should charge a level of fee that will allow them to make some profit and for it not to be a losing activity. I would support the fees being at an equitable level for overseas students. Having said that, we are very supportive of overseas students because to internationalise our own student body is important. It gives them an overseas perspective. It gives them networks for the future. The matter of overseas students is not merely a matter of gaining cash or income. It acts positively on the student body in other ways. I do not believe that overseas students should be regarded as the cause of the dilemma. They have unfortunately been put in the position of having to balance the books for struggling universities.

**Senator STOTT DESPOJA**—Thank you.

**Mr Symonds**—Regarding the visa, a couple of years ago we did some work reviewing Education Adelaide. One of the issues raised there about increasing visas was that overseas students did not believe they got their money's worth from the visas and they were being slugged significantly higher amounts in Australia than in other countries. That was seen as perhaps a disincentive for students to come here. Even though it is only a matter of a few hundred dollars, it still seemed that we were giving out the wrong message. Students would need to see that the fee was commensurate with the value of the service they received. Were the Commonwealth to take more money from students in their student visa, then they would need to make it very clear to the students what they are getting in return for that increased fee.

**Senator STOTT DESPOJA**—When I asked that of representatives from the Queensland government, they suggested it would be appropriate to revisit the debate or the decision. If you are happy to take that on notice, if there is a specific South Australian position, that would be great.

**Dr Lomax-Smith**—We will. I know there have been some issues about TAFE students as well, because they find it very difficult to get visas. They are regarded as a high-risk entry group. Our experience has been that our TAFE students have not been a high-risk student group. We argue that the extra time taken is a disincentive as well. That is to do with the categorisation of the student type. It does seem inequitable that university students are regarded as less risk than TAFE students.

**CHAIR**—There was one final question. It was MCEETYA, was it, last time or the time before that carried a resolution where it discussed the issue of higher education in terms of the governance matters? I understand all the states signed up to a proposition. They were interested in best practice. Since that time we have had discussions with a number of state government representatives who have all indicated, particularly given the Loan Council implications of university borrowings, a reluctance to comply with the ministerial edict on this governance. What is the attitude in South Australia? Do you intend to bring state legislation—that is, the legislation covering the three universities—into line with Minister Nelson’s declarations on these matters?

**Dr Lomax-Smith**—We will have to assess what more we have to do.

**Mr Symonds**—There was an agreement at the last MCEETYA meeting that, before any decisions on these particular issues were finalised, Minister Nelson would discuss with state ministers at a further MCEETYA meeting what was proposed. We are still undergoing those—

**CHAIR**—Since that time the edict has been issued.

**Mr Symonds**—He has given the edict but state governments have not necessarily agreed.

**Dr Lomax-Smith**—We have not agreed.

**CHAIR**—That is my point.

**Dr Lomax-Smith**—We are awaiting further negotiations.

**CHAIR**—Thank you for your appearance here today. It is much appreciated.

**Dr Lomax-Smith**—Thank you.

**CHAIR**—That concludes the proceedings for the day.

**Committee adjourned at 4.55 p.m.**