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## SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
REFERENCES COMMITTEE

SUBCOMMITTEE

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

FRIDAY, 26 SEPTEMBER 2003

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

**Friday, 26 September 2003**

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

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

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

**Senators in attendance:** Senators Barnett, Carr, Crossin, Mackay and Nettle

**Terms of reference for the inquiry:**

To inquire into and report on:

- The principles of the Government's higher education package
- The effect of these proposals upon sustainability, quality, equity and diversity in teaching and research at universities, with particular reference to:
  - The financial impact on students, including merit selection, income support and international comparisons;
  - The financial impact on 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 10.05 a.m.****BARNETT, Mr Paul, Director, Policy and Planning, University of Tasmania****LE GREW, Professor Daryl, Vice-Chancellor, University of Tasmania**

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

Legislation to implement the government's policies has only recently been introduced, yet this committee is due to report to the Senate on 7 November. It is highly likely that the deliberations of this committee and the findings it produces will have a significant effect on the shape of 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 it commences taking evidence today, I wish to state for the record that all witnesses appearing before the subcommittee are protected by parliamentary privilege with respect to the evidence provided. Parliamentary privilege refers to the special rights and immunities attached to the parliament or its members and others necessary for the discharge of the parliamentary function without obstruction or fear of persecution. Any act by any person which operates to the disadvantage of a witness on account of evidence given before the Senate or any of its committees is to be treated as a breach of privilege. I welcome all observers to the public hearing. I welcome our first witnesses. The committee has before it submission No. 395. Are there any changes that you would like to make?

**Prof. Le Grew**—No, there are no changes.

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

**Prof. Le Grew**—Thank you very much to the committee for the opportunity to comment on the legislation and all that has gone before it. My opening remark would be that if we go back 18 months—and you would recall that I was not yet vice-chancellor of this university at that time—there was very close negotiation between the Australian Vice-Chancellors Committee and the government. What came forward initially was a package where there was some convergence and synergy between what the universities were looking for by way of some direction into the future and what the government was prepared to bring forward by way of legislation. I might say that

there has been some slippage in that over the period of time, especially in the process of drafting the legislation. I will comment more on that later, if I may.

By way of an overall view of the University of Tasmania, in its initial stages the university was quite positive about the package. We were looking for vision. We were looking for some evidence that the system would become differentiated, that the University of Tasmania could see this package as a way of shaping its future. I think there is still potential for that. The capacity to negotiate profile on a purchaser-provider basis is one that is welcome. The changes in the funding strategy away from a common funding rate to a discipline based rate allows us to shape our profile, to negotiate a profile over time—a shift between undergraduate and postgraduate between the various disciplines—and to relate our profile of teaching and research very much to the needs of Tasmania and putting Tasmania out to the rest of the world. So we welcome that side.

We also welcomed the underpinning of the University of Tasmania. In addition to the shaping of the university, we welcome the capacity to underpin the university. We have argued long and hard that the University of Tasmania has not had its fair share of university places on a population basis. We continue to put that point. We think that that is one of the key ways of underpinning the university. So in that sense we welcome the initiative to provide new places. We await the mechanisms to see just how the allocation of those places will shape up; we think we are going to make a very good case in that regard. In terms of underpinning, we also welcome the recognition of regional universities and regional loading. We welcome the recognition that there are special characteristics of universities like UTAS given our location, our access to an industrial base and so on.

We welcome also the projected increases in funding at the base rate. We welcome a variety of things in the package that would support that. We had problems with some of the mechanisms and some of the preconditions that were being placed on these and we hoped that, in the lead-up to the framing of the legislation, some of the arguments that were being put would be listened to. We were somewhat disappointed to find that, in several cases, they were not. So we have some problems with the package as it exists at the moment and as it is translated into projected legislation.

In particular I would like to point to the lack of provision for anything after 2007. Are we going to go into another period of systematic decline? We have a projected increase, provided we can get through the industrial relations and governance provisions, in our accumulated funding of 7½ per cent over 2005 to 2007, but what happens beyond that? What the universities are looking for is something that actually allows us to plan over a decade because that is the time line for getting new courses up and running with graduates coming through the other end, with research projects maturing and so on. We simply do not have a year-by-year or even a three-year planning cycle; we have a five- to 10-year planning cycle and we need to at least have a mechanism for dealing with that.

The capacity to achieve the funding is somewhat dependent on the agreement to provisions on industrial relations and governance. The university does not have a great deal concern about the governance provisions—we have been through a review of our university governance. There is a new state act that provides for a streamlined approach to the way in which the university is governed by a council and so on, and we think we meet that criterion. On the basis of the

industrial relations reforms, we find that what is being proposed is unworkable. We think that our capacity to negotiate, as we do, with our staff is compromised by an overemphasis and strictures that are being put in place by provisions of AWA's. I would like to point out, and I have pointed this out in other places, that the University of Tasmania already has quite a flexible approach to the way in which we construct our employment—we build it on the base of our collective agreements, and we think that is a good thing. Over the top of that we have L to K agreements, common law contract agreements and negotiated performance pay agreements across the university—these are transparent agreements that occur every year. So we have a raft of flexibility that we think achieves all that the government wants to achieve. We do not know why there is a continuing and obsessive commitment to something which appears to be more ideologically driven than logically driven at the present time. We are interested in outcomes and we can present the government with outcomes. We think we have done that, but we do not seem to be getting that through.

There is another point that we have a level of unhappiness on. I did give some emphasis to the capacity of the original package to shape the University of Tasmania. We do not mind going into a negotiation about that shaping and of course we will take into consideration national criteria as well as local and regional criteria. We already have strong interconnections with business, the professions, government agencies and all of our stakeholders, and we are in constant negotiation about our profile. Negotiating with the government about the way in which it sees things is not a problem. What is a problem is the way in which the legislation is shaped. It gives potential for an overemphasis on control and for intrusion on the integrity and autonomy of the university. Remember, we have 1,000 years of history built on the charter of Bologna—something that all governments in the developed world have complied with—which guarantees universities internationally a sense of autonomy. We are reasonable about the way in which all of these things can be shaped in negotiation between the government and the university; we recognise the political realities. But there are limits, and we think that what is built into the legislation in terms of developing the potential to control us down to the course level is going too far. We have no problem with a negotiation about broad profile and direction, but we cannot accept absolute control at the course level.

We are still unhappy about the equity provisions of the package. We have special problems in Tasmania. I think everybody understands that there is a special character to the distribution of the Tasmanian population, and the regional outreach of the university needs special support. The regional loading goes some way towards recognising that, but equity provisions need to be made to recognise the reality of some of the regions of this country. There are kids in schools who are desperate to get into university. There are problems in convincing communities that universities represent an integral part of their future. We have a process of engagement with our communities, but we need to engage more with those communities that, one way or another, have not had a longstanding record of involving generation after generation with universities. It is one of the great missions of the University of Tasmania to engage with those groups in our population.

**CHAIR**—Thank you very much for your opening remarks. Your comments obviously indicate a degree of frustration with the process. It seems to me that there has been some movement in the position you are putting from the position that is in your original submission. I note you said that initially you thought there had been some convergence and synergies between

the view of some of the vice-chancellors and the government. I detect from what you are saying that there has now been some movement away from that convergence and synergy.

**Prof. Le Grew**—I think it is true to say that. Certainly, on the industrial relations side, I would be surprised if any vice-chancellor in the country would agree with what is proposed in the legislation at the present time, because it is simply unworkable and very unpalatable. What it does not recognise, also, is that the staff of a university are its intellectual property, its intellectual capital. Without that intellectual capital nothing happens. We recognise that our staff are probably not as well remunerated in comparison to international standards as they might well be. We would love to be in a position, on balance, with regard to the university's overall budget, to improve that situation.

We recognise that there is a role for the kind of negotiation and collective contract we have at the present time. It has worked extremely well up to this point. There is a very good industrial relations environment at the University of Tasmania. I do not want to disturb that, frankly; I want to move on from that position. The environment at the moment allows, as I said before, all the flexibility that is needed and that I think the government needs in terms of outcome. I want to move on from there. I want to move on to develop our staff so that they can reach their potential and so that the reputation of the university can increase further.

**CHAIR**—I appreciate that. I notice that Professor Gilbert has been one of the main advocates of this package. I am sure that many of the views that he has expressed with regard to deregulation and the like are positions that you in the past have also publicly supported. In yesterday's *Financial Review*—and I saw a very similar quote in this morning's *Australian*—he said:

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.

Do you agree with that proposition?

**Prof. Le Grew**—We want to get into a little negotiation with the government. We think the convergence that was there—and it has diverged a bit—can actually be brought back. I think there is time to do that, and I am hoping that this Senate inquiry will assist in that process as well. As a university, we are viable at the moment; we are sustainable at the moment. What we want to do is to become internationally competitive. As I keep saying, what we want to do is to move to a position from where we believe we can shape ourselves, improve ourselves and make some real marks in the world. That is what we want to do. It is in that capacity that we have been hopeful that the package and the legislation will deliver with regard to that. That is essential to us at the present time. There are unworkable provisions in here that are, frankly, unacceptable. The industrial relations precondition is unacceptable to the University of Tasmania. To that extent, it threatens the viability and sustainability of the government's package.

**CHAIR**—Thank you for that. In terms of not worth the money, though, to what extent are you prepared to do anything to pick up Commonwealth money? Is there a limit to what you would actually do to pick up money?

**Prof. Le Grew**—Yes, of course.



**CHAIR**—I just wanted to make that point. Some people have been telling us that the situation is so critical that there are no limits on what vice-chancellors are prepared to actually do to achieve additional finance.

**Prof. Le Grew**—Regardless of anything, we are driven by principle.

**CHAIR**—And quality?

**Prof. Le Grew**—Absolutely.

**CHAIR**—The package, it has been put to us, threatens the viability of the University of Tasmania in its current state. It has been put to us in submissions that funding arrangements are such that there is no guarantee of sustainability.

**Senator BARNETT**—Mr Chair, can you draw the committee's attention to the submission you are referring to?

**CHAIR**—I am referring to the submission from the National Tertiary Education Union, whom we will be hearing from later on today. And I am about to refer—thank you for your assistance, Senator—to the advice from the University of Sydney, the biggest beneficiary of this package. I have already given you an extract of this. Vice-Chancellor Brown said:

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

Would you agree with that proposition?

**Prof. Le Grew**—To the extent that there is no indexation, there is no indication what is going to continue after 2007. As I said before, do we go into another period where we simply absorb costs and there are no further increases in funding, apart from the cost adjustment factors that are normally there? The improvement in funding that is there between 2005 and 2007 ends then. There is no guarantee of anything. To that extent, the quality improvements that are assumed in this package have some definite limitations. Without any indication of their projection into the future, they look very doubtful from our point of view. However, it would not take a great deal of negotiation to establish a proper indexation system, and that is what we want to do.

**CHAIR**—The University of Sydney—which, as I said, is the main beneficiary of this package—is now telling us that it believes:

... (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 ...

And, of course, there is the indexation issue. In your view, are these all elements that must be changed in the package?

**Prof. Le Grew**—Let us go through them. On voluntary student unionism, I am opposed to the legislation. We have an excellent relationship with student associations at the present time. It is a constructive relationship and I would want to continue it—I would want to improve it somewhat in our case, but continue it in principle. On the straitjacket on subsidised places, I note that the government have removed some of the strictures with regard to achieving the targets, and they have lifted the ban to five per cent. We have never had any great problem with the idea that there should be an adherence to the target. It is a provider-purchaser arrangement and in that case you try and meet your targets as best you can. We have no problem about trying to meet the targets; trying to get within one or two per cent was a little bit difficult. That has been eased somewhat.

Yes, there is potential—underscore ‘potential’—for a degree of control. Professor Brown says there is an excessive degree of control. I am not saying that there is, but if the legislation passes and if the DEST interpretation of the legislation is that, every time there is a profile visit, we get right down to the individual course and the last student in or out of a particular course and the quality and characteristics of the course, then, yes, of course there is a definite—

**CHAIR**—Yes, and you have probably dealt with the others.

**Prof. Le Grew**—We have dealt with the other ones on the list, yes.

**CHAIR**—I want to turn to the level of participation in Tasmania. I noticed that Senator Harradine has asked a whole series of questions concerning the reasons why participation rates in Tasmania are much lower than in the rest of the country. The department has advised the Senate that no recent studies have been undertaken as to the reasons for the participation rates. Given that this package has no money for growth from demographic—and you might argue about demand from that source—and that the growth is to be funded from full fee paying places, what is your view on how you get additional funded places into the system? Will you charge extra fees?

**Prof. Le Grew**—Let us go back a step. There is provision for the conversion of marginal places into subsidised places.

**CHAIR**—From 2007.

**Prof. Le Grew**—Yes, from 2007.

**CHAIR**—What are you going to do for the next three years?

**Prof. Le Grew**—We will work in the way that we are working at the moment. We are increasing participation rates from the north and the north-west and from the rural and regional areas, and we have special programs for dealing with that. For example, we teach medicine in a different way to the other G9 universities—if I could put it that way. We teach very much on a regional basis, through regional health centres and so on. Many of our programs work in that way, through the north-west centre as well as the Launceston campus.

What we are seeing in those areas is a marked improvement in the participation rates and success rates from years 10 to 12 and that is something that is going to flow through. The demand that is welling up in the north and the north-west of Tasmania is going to be crucial to

the way in which the university shapes itself in terms of its regional provision. We think that the state education department has done a remarkable job in that turnaround. The university's role now is to continue that and to offer more places in the north and the north-west. That is one of the key submissions that we have put to the government in terms of the mechanism through MYCEETA. The mechanisms are actually allocating some of these places at the present time.

**CHAIR**—On the question of additionality, in your judgment, will you be increasing fees or fee paying—

**Prof. Le Grew**—Sorry, we had not got to that one.

**CHAIR**—We are running out of time, so I need to—

**Prof. Le Grew**—We have no plans to increase fees.

**CHAIR**—No plans—does that mean—

**Prof. Le Grew**—I have been quoted as saying that we will not increase fees.

**CHAIR**—That is right, so—

**Prof. Le Grew**—But one cannot say that forever.

**CHAIR**—So you cannot guarantee the committee that that will be the position in a year?

**Prof. Le Grew**—I cannot guarantee beyond my tenure, for example.

**CHAIR**—So, as far as you are concerned, though—

**Prof. Le Grew**—We want to retain fees at the level that they are at. If I had my druthers, I would like to reduce fees.

**CHAIR**—Absolutely. You do not support the full rate of interest for loans on fees?

**Prof. Le Grew**—Just let me finish on the fee situation. I do, however, recognise that, in some situations in this country, there are additional cost factors in some universities that would require them to do something special. Again, it has to gear in with this business of being able to differentiate the system and develop distinctiveness in universities. If it is the case that, for some universities, it is in their own interest and in the national interest to develop, through agreements and whatnot, the highly specialised, big instrumentation parts of their profile, then I think it is perfectly reasonable, if there is no capacity for public support of that, to look very hard at the situation they have for fees.

**CHAIR**—Surely that applies to Tasmania as well?

**Prof. Le Grew**—It may ultimately apply to Tasmania. We think that—

**CHAIR**—What other options do you have? There are no additional moneys coming through publicly funded places under this package. What other option do you have but to increase fees?

**Prof. Le Grew**—We are looking for new places, for sure—

**CHAIR**—Where are they coming from?

**Prof. Le Grew**—They are going to come from government, we hope.

**CHAIR**—But you have no guarantee on that.

**Prof. Le Grew**—There is also the provision to increase the number of fee-paying Australian places and that is a real prospect for us. I think we have a good formula for working with that.

**CHAIR**—You have the second highest number of fee-paying students in the country, don't you?

**Prof. Le Grew**—Yes, we do.

**CHAIR**—So you would have to expand that element?

**Prof. Le Grew**—Yes. We actually want to expand that element a bit.

**CHAIR**—So the growth in places would come from fee-paying students?

**Prof. Le Grew**—It will come from fee-paying students in the first instance, supplemented by publicly supported students in the second instance.

**Mr Barnett**—Senator, I think you are wrong in saying that there are no prospects for additional places. The government has guaranteed to convert marginally funded places to fully funded places—

**CHAIR**—From 2007.

**Mr Barnett**—No, from 2005 to 2007. Then there will be—

**CHAIR**—Let us just go through that. How many marginally funded places are going?

**Mr Barnett**—There are about 35,000 at the moment.

**CHAIR**—How many fully funded places are they being replaced by?

**Mr Barnett**—They are replacing them with 35,000 fully funded places.

**CHAIR**—So there is no growth there.

**Mr Barnett**—No, but there is additional funding for those places.

**CHAIR**—There is no growth there. That is my point. The number of places—

**Prof. Le Grew**—There is additional funding—

**CHAIR**—No, the question I asked was—

**Senator BARNETT**—He answered the question.

**CHAIR**—how much additional growth? What is the growth?

**Mr Barnett**—I need to go back and talk about our position. In our current situation, with funding at marginal rates, the University of Tasmania cannot afford to take high numbers of marginally funded students, and we do not. We have about a two per cent overenrolment load. If those places were fully funded then the University of Tasmania would hope to take as many more students in those places as we were able to achieve in our negotiations with the government. Our expectation is that we will achieve some returns in that redistribution of fully funded places.

**CHAIR**—I will be interested to see that—that will be seen over time. I must say I am a strong supporter of the Maritime College. My reading of the situation is that they have had a deficit since 1996. They are losing \$3 million out of this package and their funding and resources are going to be cut by a third. What is your view about the arrangements that ought to be made to maintain their place in the system?

**Prof. Le Grew**—My view is fairly clear and it has been on the public record for quite some time. I am a great supporter of what the Maritime College does as well. It has developed a good international profile in all things maritime, from maritime engineering across the whole raft of maritime studies, and that is good. Now they need to support that with international business students and so on. It is very difficult for them. The University of Tasmania has a special interest in marine science, the southern oceans and Antarctica. We want the Maritime College to join with the university and form a real national core of expertise.

**CHAIR**—Do you think there should be some sort of amalgamation?

**Prof. Le Grew**—I think there needs to be a very close association between the university and the Maritime College.

**CHAIR**—How can they maintain their viability, in your view, under this package?

**Prof. Le Grew**—It is extraordinarily difficult for small institutions to maintain viability under any package, frankly. There is an economy of scale that has to be built into the viability of institutions.

**CHAIR**—If they are losing a third of their funding, how do they do that?

**Prof. Le Grew**—It is something that John Dawkins raised years ago.

**CHAIR**—Yes. But if they are losing a third of their funding, how will they maintain their viability?

**Prof. Le Grew**—It will be extraordinarily difficult for them.

**CHAIR**—Thank you.

**Senator BARNETT**—We are a little bit tight on time, in light of the reasonably extensive questions that have been asked to date, but I will try to limit my questions and try to give some of the other senators an opportunity to ask questions. Professor Le Grew, thank you for your submission. Based on some of the questions to date, you would think there is a lot of doom and gloom in terms of the future of the University of Tasmania. I am just seeking some clarification of the increase in base funding. On page 4 of your submission you said there will be an increase in base funding of 2.5 per cent from 2005, building to 7.5 per cent by 2007. Can you outline for us in dollar terms what that means and how that will assist the University of Tasmania?

**Prof. Le Grew**—Effectively there will be about a \$2½ million increase in each of those three years, subject to satisfying the governance and IR requirements.

**Senator BARNETT**—What is your response to that proposed increase? Is that going to assist your planning, budgeting and management and the operations of the university?

**Prof. Le Grew**—Of course, placing it on top of the cost adjustment factor means that we do have a capacity to do some building, provided we can get it, and that is the problem. Under the preconditions that have been put in place, it is just too hard.

**Senator BARNETT**—Yes. I am just putting the preconditions aside for the moment.

**Prof. Le Grew**—It is hard to do. I do not think you can do it either.

**Senator BARNETT**—I am asking the question subject to those negotiations and discussions that you are planning to have. On page 3 of your submission you also say that you have no plans to raise student fees above base rates and that you will be looking for growth in income by increasing enrolments, not by increasing fees. Could you expand on that and clarify the point that the chair was asking you about—marginal fee paying students and full fee paying students—and say how that will help the university?

**Prof. Le Grew**—We have been asking for equity in the distribution of places for quite a long time now. The University of Tasmania is underdone by 1,000 places. That is what is actually owed to us on the basis of the demographics of the situation. We have been short-changed for a long time. We are looking at this package and what flows from it in terms of the mechanism for reallocating places—for an actual reallocation to make up that deficit. If we had what is due to us in that sense, this university could power ahead. We could do all of the things that we need to do in the west, in the north-west and in the north, and we could do some development work here in Hobart as well.

**Senator BARNETT**—Did you want to comment on the regional loading that is provided under the package? Can you explain that to us?

**Prof. Le Grew**—The regional loading is worth in the vicinity of \$5 million. We successfully made the case to DEST and the government that the University of Tasmania was in the top band. We appreciated that. There is a problem with the regional loading: it appears that the criteria for defining regionality has been increased somewhat. We now find that institutions that are just outside the outer band of metropolitan systems and those with distance education provision are now defined in. We have no great problem with that, although it is starting to tap the margins of the definition of regionality, I am afraid. We do not have a great problem with that provided it does not dilute the funding that is going to come to us. If there are simply going to be more institutions added in and it relates to the same funding pool then clearly we are going to see some diminution in what we can expect. There really does have to be some pretty firm consideration given to perhaps increasing the size of the pool in accordance with the increase in the number of institutions that are being so defined.

**Senator BARNETT**—I have just one last question—

**Prof. Le Grew**—But, apart from that, the idea of voicing and recognising the realities of regional Australia is much appreciated.

**CHAIR**—Can I follow that specifically. The funding pool is \$122.5 million over four years, and it is not growing. Additional commitments have now been made to Wollongong, Newcastle and, we think, New England. Doesn't that mean there have to be fewer resources for the rest?

**Mr Barnett**—There is. Our first reaction to the package was that the 7½ per cent that was agreed would be applied to the University of Tasmania was an appropriate recognition of the costs of managing our campus in our particular environment but, at the moment, with the additional universities coming into that package, we expect that we will probably only get below five per cent and that is not enough. We thought 7½ per cent was an appropriate figure and we could manage quite satisfactorily on that.

**Senator BARNETT**—You will be following up those discussions?

**Mr Barnett**—Yes, we already have.

**Senator BARNETT**—This is all separate to the 21 extra places that have been created for the University of Tasmania Medical School—where the number of medical school places have increased from 61 to 82—that will boost over time the number of doctors in rural and regional Tasmania. Is that correct?

**Mr Barnett**—That is true, although again one of the problems we have there is that, with the growing numbers in medicine, we have infrastructure costs that are not well funded through the current package. That is a problem in our current proportion. A lot of the Commonwealth funding for capital is a roll-in on the operating grant and, because we believe we are a thousand places short, that is a significant component of our budget that could go towards the infrastructure we need for those additional places. So there is an element of further negotiation to be done.

**Prof. Le Grew**—The medical school has not had critical mass, and that has essentially been its problem over quite some time. So we appreciate the extra places that will assist in that. We

are going to build the medical school into critical mass by pipelining those places through, but what Mr Barnett says is quite correct: our medical facilities were actually constructed on the basis of an intake of 40, and with international students we will now have an intake of 100.

**Senator BARNETT**—Point taken.

**Senator NETTLE**—You said that, once you saw the legislation, it made a difference about how you felt about the package. Did the workplace regulations that came out on Monday reflect your understanding of what would be in the workplace component of this package?

**Prof. Le Grew**—No. We recognised that it was there. The discussions that we have had seemed to suggest that the universities would be able to live with the particular wording, the particular mechanisms and so on. What has eventuated is something that is not workable and we simply cannot live with it. I hope that the government will see that and will remove, reduce or make workable its intentions. Just to reiterate: I hope that the government will focus on outcomes and look at the provisions within at least the University of Tasmania, where we have all the flexibilities that are necessary, frankly.

**Senator NETTLE**—So you do not believe there is anything in these regulations that improves outcomes in terms of quality or even the flexibility of the workplace that you talk about that you have currently?

**Prof. Le Grew**—If anything, it probably reduces the level of flexibility that we have, because it puts strictures on things that actually do not have as many strictures on them now, paradoxically.

**Senator BARNETT**—You mean the IR conditions?

**Prof. Le Grew**—Yes.

**Senator NETTLE**—You said that you would be able to work with what was going ahead in the workplace relations regulations. What was that based on?

**Prof. Le Grew**—The position we were getting to, I believe, was that, if there were to be AWAs available, they could be made available to one side of what was essentially a pre-negotiated set of workplace relationships at the present time. I think to the extent that we could offer them laterally as an incidental choice—and that was the indication that we were being given—people were prepared to go along with that and say, ‘Let’s wait and see what happens in the negotiations and then what comes out in the legislation.’ I think we were all surprised to see what came out in the legislation, frankly.

**Senator NETTLE**—Sorry, when I asked, ‘What were they based on?’ I meant were they discussions that vice-chancellors had had with Brendan Nelson? Is that what your understanding of what would be in the workplace regulations was based on?

**Prof. Le Grew**—There were a whole raft of discussions among the vice-chancellors, between vice-chancellors and DEST and so on.



**Senator NETTLE**—So they were not based on any discussions you had had with, for example, the minister for workplace relations?

**Prof. Le Grew**—No. It would be rather good to have some negotiations with the minister for workplace relations.

**Senator NETTLE**—I am not sure that you will necessarily get more of what the vice-chancellors are looking for from talking to that particular minister. I wanted to ask you about AWAs. Have any staff on your campus ever asked for AWAs?

**Prof. Le Grew**—No, not that I know of. You realise I have only been there eight or nine months, but to my knowledge, no.

**Senator NETTLE**—Do you feel it would be appropriate for you in any way to offer AWAs?

**Prof. Le Grew**—There may be some circumstances in which it may be but, again, it would be very incidental in terms of the great bulk of our relationships with our staff. We will continue to be driven by the negotiations that we have to form collective contracts and so on. Then what we have a capacity to do and are doing, above and to one side of that, is to negotiate flexibility, and that is fine. If AWAs were an option in that flexibility but not a preferred position and so on, there may be something to talk about. But at the moment, the way it is being put, there is nothing to talk about.

**Senator NETTLE**—No-one is asking for them.

**Prof. Le Grew**—No.

**Senator NETTLE**—How do the regulations in the IR component of the package impact on the relationship you currently have with the staff and the collective negotiations that you do there?

**Prof. Le Grew**—It has the potential—again, I underline ‘potential’—to confuse what I think is a perfectly coherent approach to industrial relations at the present time. We are in the process of EB4 right now and that is progressing. Frankly, I do not particularly want any perturbations in that kind of process.

**Senator NETTLE**—In your opening statement, you said you did not know where we would be post 2007. You queried whether we would go back to the ‘systematic decline’ post 2007. How do the changes in this package relate to a withdrawal in federal government funding to universities—and to the University of Tasmania in particular—over the last, say, decade but particularly since 1996? I understand that you were not the vice-chancellor at that time, but how does what is in this package relate to your financial situation post cuts to the funding that occurred in 1996?

**Prof. Le Grew**—My impression is that there was certainly a period in the history of Australian higher education when the assumption was that the universities would continue to absorb costs and take what I suppose was known as productivity dividends that would be

effectively paid to government. It was a totally inappropriate way of looking at the way in which a university should develop and progress.

What I am fearful of is that here we will have a little bulge of funding, with no indexation or indication of what will happen beyond that, some gains and then, if nothing else happens and we have to absorb the costs of the following five years or decade, down it goes again—then you get another one, and so on. It is just not the way to plan the higher education system. I think there has to be agreement across the parliament that this is something that needs national consensus, that higher education is an essential investment in the future of Australia. It is like any other kind of investment: you do not invest in lumps every now and then; you invest consistently each year, decade after decade, in order to get the best results, because you are looking for some short-term gains but also real long-term futures.

**Senator NETTLE**—Would it be fair to say that this package does nothing to take us towards that vision you have described of ongoing, continual federal government commitment to and investment in higher education?

**Prof. Le Grew**—It begins a process and suggests an incline but then projects a cliff. If there is going to be a 2½ by 2½ by 2½ improvement over 2005-07, then let us sit down and think about what happens beyond that. Do we continue to build those quality margins into the system? If we do not continue to build those quality margins into the system, then we will wind up having a second-rate higher education system and simply be not competitive in the international world, let alone able to solve Australia's problems.

**Mr Barnett**—But the other aspect of that is that you focus on the viability and quality of the institutions. The universities generally are prudently managed, and a reduction in funding means a reduction in opportunity to the community. The university will maintain its quality and manage within the resources it has, but in 1996 the University of Tasmania had to make judgments about the reduction of places that were made available to the Tasmanian community because of a limited amount of funding. So it does not necessarily impact on the university's viability, because the university has been around for a long time and will continue to be around for a long time, but it does result in an absolute reduction in opportunities, particularly within this state.

**Senator CROSSIN**—One of the submissions, from people we will hear from later today, makes reference to the Schedvin review, which was conducted in 2001. In particular, I understand that that review describes the University of Tasmania as having:

... a strong research tradition and performance, and the advantage of being the only university in the state; however, it suffers from inadequate scale exacerbated by multi-campus operations, a limited student catchment area, competition from mainland universities, relatively few opportunities to increase the level of private funding, high cost of operations—

and so forth. I notice that there is no reference at all to that 2001 report anywhere in your submission. Have you assessed the effect of this proposed legislation on the university in light of the findings of that review?

**Prof. Le Grew**—Under the current arrangements, and despite the claims of Schedvin, the university has been growing at a rate greater than five per cent per year in enrolments. We have had to absorb those through marginal places and fee-paying Australian places. We have been

growing at more than 15 to 20 per cent in international students. The University of Tasmania is a viable, going concern. Of course, the problems which Boris Schedvin mentions—being in a relatively small population base and not having a vast array of metropolitan based industries around—do impact on the university.

But there are special benefits to being in Tasmania that need to be absolutely emphasised and that were not taken into account in the Schedvin report. They have been taken into account by my analysis of the future of this university. This university, for example, is the generator of Tasmanian industry. The new industries in Tasmania actually have the university's R&D behind them. In 10 years time they are not going to simply be regarding this university as providing everyday employees.

**Senator CROSSIN**—And you are suggesting that the review did not take that into account?

**Prof. Le Grew**—I am suggesting that the review had a limited vision and I am suggesting, without putting myself up there, that I can see the potential in Tasmania in ways that Schedvin may not have. Perhaps that is why I am the vice-chancellor.

**Senator CROSSIN**—I would also ask you about some concerns I have about inconsistency in your response to this package. You have told us today that there are no plans to increase fees at the university—at least not during your tenure, but you cannot guarantee that beyond your tenure—that 28 per cent, I think, of your students are actually full fee paying students and you would have plans to increase that.

**Prof. Le Grew**—It is not 28 per cent; it is 3.5 per cent.

**Senator CROSSIN**—But you have plans to increase the number of full fee paying students.

**Prof. Le Grew**—No, not full fee paying students; they are fee-paying Australian students. They pay fees but they pay them at just on the HECS rate. It is not a bad deal, actually.

**Senator CROSSIN**—In your submission, though, you talk about the University of Tasmania having real concerns about increasingly shifting the funding burden onto students. This package predominantly does that. I find that there are inconsistencies between evidence you have given us today and what is written in your submission.

**Prof. Le Grew**—We go on to say that we regret the situation but accept the political realities. Let us just step back. As I said to Senator Carr, my position is that I would love to be in a situation where the University of Tasmania had sufficient endowments and sufficient public support that we could reduce, or even remove, the burden on students. I would love to be in that situation but—since going to university in my day, when 15 per cent of the eligible cohort went through and we had free education—the reality is that in Australia we now have 40 to 45 per cent of the cohort going through. The public alone cannot sustain it—I recognise that. There is an absolute reality to that. It breaks the bank. It breaks the back of other public programs to sustain the view that 45 per cent of the eligible cohort can be fully funded.

There is a kind of harsh reality attached to that. What I am interested in doing, from the point of view of the University of Tasmania—and anywhere else I have been associated with—is

minimising the impact. When I say that we have no plans to increase fees, we have no plans to increase fees. The situation three or five years down the track may change our view. It may change the reality of our situation, but it will not change my view and the view of the university, which is that we want to minimise fees. If we had the chance, given the flexibility that we have got now, it would be lovely to be able to reduce them. Actually, we would not have a capacity to do that under the present circumstances.

**Senator CROSSIN**—Do you believe that the principles underpinning this package may put you in the position in years to come where you will have no option but to increase your fees?

**Prof. Le Grew**—If we do not get indexation, if we do not get continuous—

**Senator CROSSIN**—The government has said there is no indexation.

**Prof. Le Grew**—That is something that now needs to be negotiated if, without indexation, we do not achieve that. So, yes, to that extent we can make some quality improvements over the next three or four years and beyond that we are not quite sure. We will have to go into a new set of negotiations or whatever. I think that is kind of unfortunate, and to that extent you might say the package is somewhat on the deficient side. It would be much better if it gave some indication. I would love it to do that. On the other hand, I am not going to say no to a 7½ per cent increase in the base rate funding for the university, provided I can get rid of the nonsense of the industrial relations requirements—and it is a nonsense. It needs to be out of the way.

**Senator CROSSIN**—Can I finally say to you, though, that we have had a number of universities that have been brought in under the regional loading, and there is no additional money there. The cake is actually going to be spread thinner. You seem to be hanging your hat on indexation, which will incur increased funding, and we have heard repeatedly from this government that there is no more money in this bucket and there is no commitment to indexation. I am a bit curious why you believe you are going to be able to negotiate indexation when all the other elements, all the additional components, in the last two weeks are unfunded.

**Prof. Le Grew**—I am not saying we as a university can negotiate indexation. We as a system of universities have a much better chance of negotiating something like indexation. What we are looking at is a capacity to work in the political process. I think what has to be accepted is that, for the first time in a long while, the universities as a system have some real political clout. People are listening to us. We therefore become essential ingredients in the way in which higher education policy and the mechanisms driving the future move forward. That is going to have to be recognised by political parties of all persuasions.

**Senator MACKAY**—I think they would call that collective bargaining! I want to come back some points that Mr Barnett made—that is, that in terms of opening up places to others there is necessarily a knock-on effect in terms of diminution of places available to Tasmanians. I think you made the point that that did not necessarily impact on the university but it may actually impact on the Tasmanian population. Can you expand on that a little bit—I understand the financial stringencies that have created this scenario—and whether you think that might, under this package, be an upward trend.

**Mr Barnett**—Essentially, one of the major elements of this package that we are interested in negotiating is getting our fair share of Commonwealth fully funded places in Tasmania. At the moment, as the vice-chancellor has said, we believe we are 1,000 places short. That is a significant limit on the opportunities for Tasmanians to engage in higher education. As we say in our submission, the package offers the opportunity to negotiate about those elements. It will not be clear to us until we get into those negotiations whether or not we will succeed. But that will have a significant impact on us.

From our point of view, the regional loading and the 2½ per cent is of value and an advantage to us, but the principal thing we are after is better funding in terms of the number of places available to Tasmanians. We think there is an uneven playing field at the moment, where other states get more places than their population share and they actually siphon students out of Tasmania. That has an impact more broadly than just on the university; it affects the Tasmanian demographics and the whole economy of the state. We think it is absolutely critical that that matter is resolved.

**Senator MACKAY**—As a local, I agree. I think, Vice-Chancellor, you made the point that in planning terms you look five or 10 years down the track, not in some imposed Public Service triennial funding situation. One thing that concerns me following on from Senator Crossin's questions is that the university is borderline at the moment. I had a look—it was \$200,000 in the black in the last financial year. I understand it is more complicated than that, but certainly with respect to a post—

**CHAIR**—It is on the knife's edge, though, isn't it?

**Senator MACKAY**—Yes.

**CHAIR**—Your operating margin is on the knife's edge.

**Prof. Le Grew**—Certainly this year it is close. The university was projecting a worse situation, but we have pulled that back. We have just struck next year's budget, and that actually has a \$3 million to \$5 million surplus built in.

**Senator MACKAY**—Whether you achieve that or not.

**Prof. Le Grew**—We have been able to do that within our existing resources and we have been tight and prudent about the way we do things. But what we are looking for is not simply being able to continue at the current rate; we want to serve the Tasmanian community better, with more places, more growth—especially in the north and the north-west—and, as I was saying to Senator Crossin, we want to be able to get even further behind Tasmanian industry and the state in terms of the partnership that we have with the state and provide the smart and intelligent intellectual capital for the growth of this state. We think we can do that, but we need some help from projected budgets.

**Senator CROSSIN**—That is five- to 10-year planning.

**Prof. Le Grew**—Absolutely.

**Senator CROSSIN**—How on earth can you go into that level of partnership in terms of, say, local industry development when you do not know what is going to happen post 2007? You cannot actually say, ‘Post 2007 we will not be increasing fees,’—with the best will in the world, one may have to, I would have thought.

**Prof. Le Grew**—That is why I think there has to be some consensus across the political spectrum that higher education is one of the crucial factors in the national development and that the investment needs to be there and needs to be continuous, not sporadic and so on; it needs to be moved in a reasonable and managed way into the future.

**CHAIR**—Vice-Chancellor, thank you very much for appearing here today. Your advice has been of great assistance to us. Mr Barnett, thank you very much.

**Proceedings suspended from 11.06 a.m. to 11.20 a.m.**

**BEXLEY, Ms Emmaline, Research Officer, Council of Australian Postgraduate Associations****McKAY, Mr Benjamin, President, Council of Australian Postgraduate Associations**

**CHAIR**—Welcome. The committee has before it submission No. 260. Are there any changes you wish to make?

**Mr McKay**—No, not at this point.

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

**Mr McKay**—CAPA welcomes this opportunity to assist the Senate in evaluating the government's proposed reforms for higher education. We would like to highlight our key concerns—those being that we are aware that there is a lack of public investment in higher education and that we are particularly concerned for postgraduates, given the proposal to charge interest on government loans covering deregulated fee places. At the outset I would like to declare that CAPA is an organisation based on both a love and a respect for the sector in which it serves, that we have a concern for the intellectual heartland of the nation and that what we are presenting before this committee today is not necessary driven by any rigid ideological agenda.

Let us begin with the issue of funding. Last time CAPA appeared before a Senate committee inquiry into the state of Australia's universities, we said that our universities were chronically underresourced. Many people criticised us and others for having said so at the time, so it is refreshing to see that the minister for education himself has now acknowledged that there was a chronic underresourcing of our universities. Our opinion has not changed, and we see little in the Backing Australia's Future package to raise our hopes for the future.

The Backing Australia's Future package seeks to increase the funds flowing into our universities by asking students to pay more. The package proposes a number of mechanisms to get more money out of students—allowing universities to raise HECS fees by up to 30 per cent, doubling the number of full fee paying undergraduates allowed in a course and charging interest on government loans to cover fully deregulated fees at both an undergraduate level and a postgraduate level. The minister has argued that because some students go on to earn a higher wage after having undertaken higher education, all students should therefore pay more. We argue that progressive taxation should ensure that those who benefit financially contribute back to the system and that it is illogical to condemn those who do not benefit financially from their education to a lifetime of debt and debt burden. Most other OECD countries make a greater public investment in higher education as a proportion of GDP than Australia does. These countries include Hungary, Greece, Spain, the United States, New Zealand, Germany, France and Portugal—it is a cook's tour of well-resourced education sectors; I will not read the full list.

The Department of Education, Science and Training's own triennium report shows that the deregulation of most postgraduate course work, done around the period of 1998, is deterring people from entering these courses. Therefore, we as an organisation are at a loss to understand why this makes DEST think it is a good idea to further deregulate undergraduate education. We therefore urge the Senate to reject proposals to increase or extend fee-paying arrangements and to urge more public investment in higher education.

Regarding FEE-HELP, some bodies have calculated that under Backing Australia's Future Australian HECS students will be paying up to 57 per cent of the cost of their courses—some of the highest fees in the world. Many postgraduate course work students in the fully deregulated, fee-paying areas are currently paying more than the cost of their course. They are in fact subsidising the education of other students out of their own fees. The government would like to extend this privilege to 50 per cent of undergraduates. FEE-HELP is the spoonful of sugar to help make the bad medicine go down. If FEE-HELP is allowed through the Senate, students who study in full fee paying courses but cannot afford the fees up-front will be paying interest on their fee loans. We therefore urge the Senate to reject this fundamental shift in Australia's education policy.

Australian education used to be free to all on the principle that an educated citizen benefits his or her society. HECS requires some payment from the individual but can be repaid later without accruing interest. This arrangement was, I understand, meant to ensure that those least able to pay were not disadvantaged. The FEE-HELP proposal, with its 3.5 per cent interest plus CPI, is aimed squarely at taking money from those least able to pay—those who cannot afford up-front fees and especially those who take the longest to repay their fee loan.

While more wealthy students will pay up-front, poorer students will take on the burden of a debt accruing interest. The underprivileged will in fact pay more for their education than the wealthy. The Australian Democrats have calculated that on average these poorer students will pay around \$4,000 more for their course than their wealthier colleagues, and there are those in the sector who believe that the Australian Democrat figure is rather conservative. Government-charged interest on fees to access education must, we believe, never be allowed.

We would also like to draw the committee's attention to the proviso in the initial Backing Australia's Future literature that if a student has both a HECS debt—soon to be a HECS-HELP debt—and a FEE-HELP debt payments are to be directed to the HECS style debt before the interest-accruing FEE-HELP debt. Frankly, the Council of Australian Postgraduate Associations and its 226,000 members are appalled by that. The most basic financial planning rules would direct a person to clear their interest-bearing debts first. I think we teach that to most people at universities: 'Get rid of the debt burden that is accruing the interest first.' But the government wanting to force students to accrue interest on a FEE-HELP debt while repaying their HECS debt can only be interpreted as a blatant attempt to suck more money from those least able to pay.

The Higher Education Support Bill 2003 obfuscates this issue. Be wary, Senators, and do not let such a proviso through, whether as a regulation or as legislation. The student fee stone is dry; no more blood can be sucked from it. If Australians want an excellent higher education system it will take increased public funding, fairness and hopefully at long last some real vision.



**Senator BARNETT**—Thank you for your submission. In your opinion, what is the level of income required for an undergraduate or postgraduate student to live and to study at university? Do you have views in that regard?

**Mr McKay**—The income in terms of rent and general living expenses?

**Senator BARNETT**—Yes.

**Mr McKay**—There is some evidence from a number of bodies that it actually costs a lot more to study as an undergraduate and a postgraduate independent student in this country than it does in the United States, when you take the fee mix and the cost of rent and the cost of living in Australian cities—especially if you are living on campus. I understand that campus accommodation in Australia is among some of the most expensive in the world. We have been fighting a long campaign to try to regulate campus accommodation so as to bring it into line with state and territory tenancy acts. They seem to have carte blanche to charge any fee. It is an incredibly high burden on the living costs of Australian students.

**Senator BARNETT**—Do you have any figures on that?

**Ms Bexley**—If I could add something, there was a study by Bruce Johnstone called *Student loans in international perspective*. It is from the higher education finance and accessibility project in Buffalo. They place the cost of studying in an Australian public university—and this includes food and board and tuition and fees—at around \$17,480 a year. They cite that as the fourth most expensive living cost for students, aside from Hong Kong, Korea and the US.

**Senator BARNETT**—Does that include tuition fees?

**Ms Bexley**—Yes. They are basing that on HECS band 3.

**Mr McKay**—It is in our submission.

**Ms Bexley**—It is on page 7.

**Senator BARNETT**—A lot of the submissions that have come into the inquiry talk about the debt and how that might actually warn people off from actually attending university—the high debt that they might get into. From some of the submissions, I understand it is a concern for ethnic groups. Do you have any views with regard to the psychological and other impacts of going into debt and whether that actually stops people going to university?

**Mr McKay**—We can table if you wish *The social and economic impact of student debt* report that we released in March this year.

**CHAIR**—That would be very helpful. Thank you very much.

**Mr McKay**—On top of that, there was a DEST report that was hidden from view—

**CHAIR**—‘Suppressed’ is the word we use.

**Mr McKay**—‘suppressed’ I think is the word; thank you, Chair—for a long period of time, through the entire crossroads review period. That indicated that the impact of HECS fees generally has acted to deter a number of people taking up higher education. I think the report also mentioned that it had an impact on the number of males who are entering the system. The department has acknowledged it; we have acknowledged it. I can certainly assure you that students across the country are acknowledging it. It is a shame because, as an organisation, we want to encourage people to enter the university sector. We want the sector to grow, but there is an impediment here with the debt burden.

I am just hijacking this on a personal level: I have a \$60,000 combined undergraduate debt, along with my top-up of the Austudy student allowance. We worked out this morning that I have actually done only six years of undergraduate study. I kept thinking that it was a lot longer than that—at some stage I was beginning to believe the minister that I might be one of those serial undergraduates—

**Ms Bexley**—I think they are called laggard learners.

**Mr McKay**—or a laggard learner, but I have certainly put my learning entitlement to good measure and now have finally made it into the postgraduate realm. The problem is that I have a \$60,000 debt. When will I be paying that back? As somebody who wishes to enter the academy later on—there does not seem to be a great many opportunities in the academy, except for casual employment—on a casual contract I do not think I will be addressing that \$60,000 debt for some considerable time. If I wanted to make a decent living and if this package got through, I would probably be moving offshore.

**Senator BARNETT**—Just moving on to a different subject, I am a proud graduate and postgraduate of the University of Tasmania. At the time I was very involved with the union and various activities in terms of different aspects of university life, which was great. Many of my student colleagues were also involved but many were not. Can you share your views with regard to compulsory student unionism, and whether that is appropriate, and your views with regard to voluntary student unionism?

**Mr McKay**—I call it ‘so-called voluntary student unionism’ and I dispute the term ‘compulsory’. We are on the public record on this, and we have been for a number of years, because this horse has been brought out often. We did not realise that we would be dealing with it again. You have done some interesting stuff with your so-called voluntary student unionism legislation this time. We have found that a little clause seems to have been taken out of the big package and that you have put that in some kind of silo legislation, just in case you did not feel confident that you were going to get it through. There is a bit of shoddy workmanship there. It is so all embracing. Are people aware that this could possibly mean that universities cannot even issue parking fines, library fines or late enrolment fees, because they are actually not directly related to the course? I think it is a bit of a lazy and shoddy effort.

**Senator BARNETT**—That is a criticism of the legislation. If you can just deal with the principles of compulsory student unionism and voluntary student unionism.

**Mr McKay**—Certainly.

**CHAIR**—We will come back to the details of the legislation, since you have discovered these things.

**Mr McKay**—Okay.

**Senator BARNETT**—I am sure the chair will come back to these things.

**Mr McKay**—We believe that there is an increasing role for student organisations on campus on the grounds that, with less representation and more government control over the affairs of universities and with less government money in universities, we as the key stakeholder—we keep reminding ourselves that we are the key stakeholder in the university because we make up the largest numbers in the university—do actually need a stronger student organisation base rather than a weaker one. We provide the services that the universities themselves have acknowledged they will not provide and cannot afford to provide, and they are happy that we do provide them.

**Senator BARNETT**—But do you think that students should be compelled to pay for that service and to join the union?

**Mr McKay**—I think that students, by and large, are happy to pay for those services.

**Senator BARNETT**—By and large.

**Mr McKay**—By and large. Some people, possibly members of certain political parties on campus, will object to it on ideological grounds. But they are also the first to realise that, when people need counselling and when people need independent advocacy support when they are up against review committees at universities, it is actually appropriate that students represent students rather than having something in-house at the universities. The universities and the vice-chancellors are in total agreement. It is wonderful again to see that the minister has managed to make all the stakeholders in the sector talk as one.

**Senator BARNETT**—I can see that you have fervent views and you have expressed them well. You have said that, by and large, the vast majority support that view, but you then conceded that a number, whether or not they are in political organisations, of their own volition would not support compulsory student unionism. Do you accept that?

**Mr McKay**—There are some on campuses who pay token lip-service to the principles of so-called voluntary student unionism agendas. But it is interesting that a lot of them are standing for office in the student unions and organisations and are now becoming a part of the process. We welcome them on board, because it is better to have them in the organisation than kicking the doors in from the outside. I talked to some people from the Young Liberals the other day when I was visiting in Armadale. Many of them are actually opposed to the VSU legislation. From another perspective, the Nationals never seem to have had a commitment one way or the other. I have spoken to Young Nationals in Geelong recently and they are actually fighting quite an active campaign against this so-called voluntary student unionism. So, even amongst your own ranks, there seems to be division of opinion as to the merit of this so-called voluntary student unionism.

**Senator BARNETT**—I am not focusing on my ranks; I am focusing on students and their preferences. What ranks they come from is not relevant, in my view. If these services are so important and essential, why wouldn't a voluntary student unionism approach work? If they are so essential and important to the life of the university, surely everyone would join up.

**Mr McKay**—People tend not to know what the benefits are for them until they actually need them.

**Senator BARNETT**—So you are making the decision for them?

**Mr McKay**—In the different VSU models that have taken place in Victoria and Western Australia there is evidence that the demand for those services was so high that the take-up rate was quite successful. We actually had to do some counselling for our poor affiliates in the west on how to cope with the sudden surge in membership applications once the legislation was repealed and with finally having a budget again so that they could start advocating and providing the services that students need—everything from subsidised theatre tickets and transport to food on campus and political representation to make sure their voices are heard on the councils or the senates of the universities. We could keep the conversation on VSU going for an awfully long time and I am happy to do so, but I am aware that there are probably other questions about the higher education package that you would like to ask.

**Senator BARNETT**—The chair has offered me the opportunity to ask questions and that is what I am doing.

**Mr McKay**—I think I have answered that one.

**Senator BARNETT**—Notwithstanding that some members of the student body do not wish to join, you are saying that, despite their wishes, you believe it is in their best interests, it is for the university or the union to make that decision and it should be compulsory. Is that what you are saying?

**Ms Bexley**—Most organisations have an opt-out clause.

**Mr McKay**—They do.

**CHAIR**—A conscientious objectors clause.

**Mr McKay**—Yes. But I do not actually see a lot of those people who are in the organisations—there are a few, but only a small minority—actually opting out. They have paid their membership because they themselves are aware of the services that are provided and that the entire campus culture is dependent upon a strong and vibrant student body. So-called voluntary student unionism legislation is an attack on the vibrancy and collegiality of the campus, as is a lot of this other legislation—it is an attack on broader collegiality. You only need to look at the industrial relations component of this package to see that it is trying to drive wedges in where wedges are not necessary. This is not the waterfront; these are collective organisations in the universities.

The university is not bricks and mortar and, in eight examples, a bit of sandstone thrown in; it is a collective group of people who seek to work within it—students, staff, vice-chancellors and administrative support, working collectively. They have been doing it well for a long time. The vice-chancellors have been here today and elsewhere during the week to tell you that the IR package is another example of trying to put some ideological imposition onto the universities where it is not necessary. It is working with harmony.

**Senator BARNETT**—I would just close with the view that, certainly from the government's side, the proposition is that it provides choice. The key word is choice—it is not compulsory. I will pass back to the chair.

**CHAIR**—I do not suppose you want to respond to this invitation to judge the issue of choice?

**Mr McKay**—No, I think I have covered that issue well enough.

**CHAIR**—In your submission you refer to the market interest rate of 6.5 per cent on the FEE-HELP loans and suggest that this is a significant 'turning point in Australian higher education'. Why do you say that? Why is this such a significant departure from what we have had in the past in Australia?

**Mr Mackay**—I think that initially when the PELS system was introduced and, indeed, when HECS was introduced there was talk that those very principles that this package tries to address—sustainability, quality, equity and diversity—were there as avenues by which those who might not necessarily be able to access higher education could access it. It was a tool, if you will, to help bring people into the fold. Putting real market interest rates on what are now called government loans rather than government assistance packages is turning it into a bank. I think it goes against the spirit of the intention of what this was supposed to be about in the first place.

There is something kind of insidious about the ploy to make you pay your non-interest loan debt first before you can get to the debt that is accruing interest. It is a very cynical exercise. I do not even think there would be a financial manager in the country that would recommend to any of their clients that that was a sensible way to manage their financial affairs, and here we have a government that is actually insisting that that is the way it is going to be, like it or lump it. I want to know how many people are going to take up this marvellous offer of a 6.5 per cent accruing interest rate, which they are not even allowed to influence for a considerable period of time, to undertake postgraduate course work programs. I think it is going to have a negative effect on the ability of universities to generate the much-needed fee-paying postgraduate students because, as we are all aware, postgraduate fee-paying course work students are a bit of a cash cow for universities. This is going to have a negative impact on the ability of universities to encourage people to do it.

**CHAIR**—Would you like to add to that, Ms Bexley?

**Ms Bexley**—I just wanted to add that the 6.5 per cent interest rate means that those who can afford to pay up-front will pay one amount while those who have to defer the fee, presumably poorer students, will pay more. This is a turning point in higher education policy because we are now going to say that people will pay differently depending on their ability to pay and, strangely, those with the least ability will pay the most. That seems to be a bit of a change.

**CHAIR**—In terms of the issues that we are required to deal with—the questions of sustainability, quality, diversity and equity—it strikes me that there is an argument here that challenges the fundamentals of our assumptions about the egalitarian nature of Australian society. What do you say to that proposition? Is this fundamentally changing the way in which we do business in this country given that education is such a gateway for life opportunities?

**Mr Mackay**—Absolutely. This is a policy that is driven by the user-pays mentality without an acknowledgement, as far as we can see, that we have to get past this idea that those who are lucky enough to even go into debt to access higher education are in some ways going to be coming out the other side as privileged citizens in a community. The old elitist ivory tower arguments do not wash anymore if 50 per cent of people are trying to access higher education. It is not for the privileged few. If there is to be talk about sustainability, quality, equity and diversity with this supposed user-pays model, we would like to turn that whole argument on its head and say that, yes, universities are about user pays—the whole community uses the services of a university and the graduates that come out of it. Not all graduates are doctors on golf courses or top end of town solicitors; there are a lot of people out there who are working as casual or part-time employees, including a lot of our postgraduates—60 per cent of whom are women—who are re-entering the work force after their postgraduate course work programs. So they are not exactly out there at the top end of town. This legislation is designed to almost minimise and marginalise those people and the valuable contribution they can provide in an egalitarian society through their education and their commitments to other parts of their lives, like their families and so forth. It is an assault, really.

**CHAIR**—Ms Bexley, in your submission you refer to the case of law students. You say law students being asked to pay 30 per cent top-up would be in fact being asked to pay 105 per cent of the total course cost. You are drawing on figures, I understand, from studies undertaken by the NTU, but nonetheless you are referring to them in the submission. Is the proposition that you are putting to this committee that governments will in fact be making a profit out of these particular students?

**Ms Bexley**—I do not know if I would say that the government itself will be making a profit. Law is one of the cheapest disciplines to run and one of the most expensive to undertake. Those students would be subsidising other students. The part where I am worried about the government making a profit, which has only come up recently, and I am not sure if I can recall the source—

**CHAIR**—Try out the argument on us.

**Ms Bexley**—Sure.

**Mr McKay**—We can get the footnote to you later, Senator.

**CHAIR**—Thank you very much.

**Ms Bexley**—We have been hearing that with the student loans under the FEE-HELP scheme the government will be borrowing the money for those loans from an external provider which will be providing the government with the money at a lower interest rate than what the government will be making back. That, I think, is the government making a profit from students.

**CHAIR**—Yes. The increasing level of casualisation within the university system obviously has a direct impact on your members, because so many of your members work as part-time academics and as casuals. Under the legislation that we are being asked to consider the government is proposing that there should be no limits imposed on those sorts of measures. What view do you take on that matter?

**Mr McKay**—We oppose it categorically. The situation at universities is chronic already in terms of articulating postgraduates and recent postgraduates through into the academy. There is an ageing senior level of academics in the country, and there are not the opportunities to bring them through. They are being put on short-term contracts—semester only contracts. Out of that pool of money they are addressing their HECS debts as well. That kind of casualisation is not giving people the opportunities to have the sort of security that they would wish to have as highly trained professional people working and respected in their fields and disciplines. On those casual contracts they are without the ability to access housing loans and without the ability to upgrade the car that drops the kids off at school. The casualisation dilemma at Australian universities already exists. This business about unlimited numbers of casuals is going to exacerbate that position. We already have evidence on hand of the numbers of highly trained Australian postgraduates who are going offshore for job security. This can only exacerbate the problem.

**Ms Bexley**—I think we would say, ‘More limits, please,’ but I think we would say it to the NTU and not to the minister.

**Mr McKay**—That is right. Absolutely.

**CHAIR**—In view of the fact that so few people actually take more than 4.5 years to conclude a university degree in this country, given the extraordinary amount of detail that will now be required to be kept in terms of maintaining the student identifier system—the new HEIM system through which there will be quite an unprecedented level of intervention in and monitoring, tracking and reporting of student progress, course changes and changes to the institutions—and given that it is so unnecessary when there are so few, what do you say to the proposition that this is in fact designed to put in place the infrastructure for a voucher system?

**Mr McKay**—It is clearly and evidently designed for that. It flies in the face of the government’s own supposed commitment to lifelong learning to suddenly say, ‘Well, here is your learning entitlement.’ The tracking system that will track us down to monitor our success and progress as we go has some rather sinister implications. But, yes, it is clearly designed to introduce the voucher system. It is just being dressed up and called something else.

**CHAIR**—Finally, where do you think the system is going to be in 10 years time? Given the fact that we have not seen any long-term plans from the government and given that we have seen a lot of the explicit detail required in terms of the impact statements on institutional, regional and sectoral arrangements, what do you think the system will look like in 10 years time if these proposals are accepted?

**Mr McKay**—It is interesting that the minister himself has conceded that there will be a little bit of a rough spot for the first few years in the implementation phase but then things will pick up. Gavin Brown, who was looking like he was going to do so well out of the package at the

University of Sydney, is saying, 'In the immediate term we'll be okay; it is in the medium to long term that we're not going to be okay.' There are a lot of mixed messages there.

If there is no indexation—if there is no ability to grow the sector from within the government's commitment to funding it—we are only going to be contracting. We have been doing that for a long period of time. You cannot actually drag much more blood out of the university sector. It is malnourished as it is. Here you are; you are going to put it on some kind of slimmers diet to get it through. We are heading for a system that is either going to become anorexic or it is just going to keel over and die. That is the prognosis you are getting from us.

**Ms Bexley**—Given that the package itself does not have anything to say about what it is going to look like in 10 years time, it is a bit difficult to decide what it will look like based on the package.

**Mr McKay**—Exactly.

**Senator NETTLE**—I want to ask a question in terms of the impact on regional universities. The University of Western Sydney in my state recognises that the people it draws from have a low socioeconomic status. In terms of their capacity to then continue on through a learning entitlement and access postgraduate education, can you tell me about the equity concerns at a university like the University of Western Sydney?

**Mr McKay**—I will echo the concerns of the Vice-Chancellor of the University of Western Sydney. In the greater Western Sydney area, only 1.5 per cent of the population have a postgraduate education. That compares with the broader Sydney metropolitan area—which is non-west—which has 2.9 per cent. So there is clearly some disadvantage there. It is also one of the fastest growing parts of the nation population-wise and in terms of the development of industry and so forth. If ever there was a time for a strong University of Western Sydney, it is now. Only 15.2 per cent of employed people in the greater Western Sydney region are classified as professionals, compared with 21.2 per cent of the rest of the Sydney metropolitan area.

It is interesting though that at the University of Western Sydney around 71 per cent of students—I could give you the accurate statistic later perhaps—are actually coming from that region. It is a university that serves the development and growth of the greater western region of Sydney. This is a university that is itself talking about having to shed a campus here or there. I spoke to people at UWS yesterday and there is apparently a lot of conjecture on campus. The current campus debate is: which campus are we going to have to dump? Some pundits are saying it is Penrith. I do not know what the money is on Penrith, but others are saying it is Nepean. If it were to be Nepean I do not want to have to remind people—

**CHAIR**—There are some very good odds on Rosehill at the moment!

**Mr McKay**—If it were Nepean, the impacts on the towns of Richmond and Windsor are going to be quite devastating because, other than the Air Force, the university—which was the historic old Hawkesbury Agricultural College—is one of the largest employers in the region. The student body there helps sustain the small businesses in those two towns. If they decided in the end that they needed to dump a campus and if it were Nepean, it would have some quite devastating effects. I have not even looked at what the effects would be on the community of



Penrith but I would certainly suggest that the local member, Jackie Kelly, might be less critical of the management at the University of Western Sydney if campuses start being shed in her heartland.

**Senator NETTLE**—I have another question in relation to this package being part of a trend that we are seeing of less federal government funding for the higher education sector. We have asked other witnesses where universities are going to make up the funding. Are they going to students or are they looking for other investments into their universities? Particularly in terms of postgraduate research, can you comment on universities having to go to private investors to invest in that research for postgraduates? What impact does that have on the quality of education and the academic freedom for those students in terms of postgraduate research that is being funded through private investment because there simply is not Commonwealth funding?

**Mr McKay**—There is an impact on academic freedom in that much of the project is driven by the desires and demands of industry. We are very happy to welcome the commitment by industry to postgraduate research. However, there is a lot of anecdotal evidence from our members that sometimes the programs are less satisfying and challenging contributions to the nation's intellectual future, in that they are often economically driven programs for the benefit of a company. An enormous range of intellectual property issues are at stake when you have a relationship with a third party—that is, a relationship between you, the university and corporate or business Australia. We do applaud their commitment to universities, but there is a lot of evidence to suggest that there is the potential for dumbing-down of the research product and that there are restrictions on your ability to question your own research, because there is a third-party client involved who has an agenda that they want to see fulfilled. We are concerned about that as part of an attack on the broader research culture in the country. Those things need to be worked through.

Universities are being asked to fund themselves more and more from other sources of revenue—from industry, international students and so forth. But a lot of the insecurity that industry has in this country at the moment about our university sector comes from the fact that it is quite vulnerable. Going to bed, so to speak, with the universities in risky research projects is something that a lot of industry shies away from, because they see ministers of the government criticising senior management in some of our leading universities. Do you see what I am saying? There is a perception that these could be risky projects for them and they could be throwing good money after bad. Without proper government funding to universities to start to put a bit of the flab back onto the skeleton, I cannot see that industry is going to be that confident of its capacity to make up the shortfall.

**Ms Bexley**—The new DEST-commissioned report into the doctoral experience came out only a few days ago and I have not had a good look at it yet, but it does seem to have found evidence that risky and speculative research topics have diminished since the introduction of the RTS in particular. It is better to put something easy through in four years than something that might not work out. That is shame, because novel research often does not work out.

**Senator NETTLE**—We saw PELS recently expanded so that private institutions are able to access PELS. As this legislation is currently written, FEE-HELP will automatically be extended to those same private institutions that currently have access to PELS. Of course, there is opportunity, through the tremendous ministerial discretion in this legislation, for additional

private providers to gain access to FEE-HELP. I am wondering if you can comment on the impact of that public funding to private institutions through PELS. Do you or your members have any experience of the implications for the quality of education—that is, quality in the public sector and in private institutions with public money going into them, and quality overall across the sector—as a result of public money going into the private institutions through the extension of PELS and FEE-HELP? Do you have any comments on that area?

**Mr McKay**—There is clearly an agenda here—that is, to have a partly public, partly privatised higher education sector. Let us call it what it is. At the end of the day, if funding has to be sought from elsewhere and if we are going to extend government subsidies, funding and grants to private providers, I want to see where they are going to add in all the stuff that they get out of GATS in the long term, to see how many foreign providers will be coming onshore to provide education here. That remains to be seen. But there is an agenda—by and large, this package is driven by what has to be a privatised public sector. Let us call it what it is. We are very concerned about quality issues there. We are concerned about the fact that great public institutions are now having to share the cash pie with unknown quantities of private institutions coming in. We see a potential for little operations opening all over the place. That has quality issues for the greater public universities, which have a long track record of cutting-edge research and teaching. It is a privatised model.

**Ms Bexley**—If you look at the rise in student to teacher ratios at most of the universities and the pretty second-rate infrastructure at many universities, even Group of Eight universities, it seems silly to use money that could be going to making those universities better to prop up a private business venture.

**Senator NETTLE**—Are you aware of what is or is not in this legislation with regard to requirements for private institutions to be able to access FEE-HELP and other public funding? It may not be something you have looked at.

**Ms Bexley**—There are a hell of lot of guidelines that we are waiting on, and we do not seem to be getting any of them.

**Mr McKay**—On that point of guidelines, we are sitting here trying to make a reasoned judgment about a very holey piece of legislation—and I mean that in terms of holes, rather than in any spiritual sense. We are being asked to comment without seeing the regulations and the guidelines. We should actually be having this hearing again in January after the minister has finally released the small print and fleshed out the footnotes that are screamingly absent in the rest of the legislation.

**Ms Bexley**—To pass the legislation as it stands would be to take the minister on his word, and perhaps we are not confident to do that.

**Mr McKay**—I am not going to comment on that at this hearing.

**Senator CROSSIN**—Have you looked not so much at the equity scholarships but at the capacity to improve the number of Indigenous people employed at the university? We have noticed that in this package there are on offer only five postgraduate scholarships for Indigenous staff around the country, and I would like a comment from you about that.

**Mr McKay**—There is not really much we can say to that, except phrases like ‘tokenism’ and ‘too little too late’ come to mind. We can extract from the press releases we have given out this year.

**Ms Bexley**—We were happy that there was something. The council is good.

**Mr McKay**—The council is good, but we are a bit worried about the make-up of it being at ministerial discretion. An awful lot is at ministerial discretion in all of this. It is too tokenistic. Start addressing it with some real substance; that is what we would like to see. Otherwise it looks like window-dressing. It is almost embarrassing.

**Senator CROSSIN**—We heard in Brisbane, for example, that there are 55 Indigenous staff employed at one institution, yet there are only five postgraduate scholarships for the whole of the country. I think the word we heard in Brisbane is ‘appalling’.

**Mr McKay**—That would be a word I would use, and I would add that it is an embarrassment. Indigenous Australia has been given nothing but piecemeal for decades, and when the minister gets up and talks about a commitment to improving Indigenous access to education and the role of Indigenous educators in the system and then comes out with five—Hansard might like to record I was speechless on that.

**Senator CROSSIN**—Have CAPA looked at the impact of these proposals on women who are undertaking postgraduate studies, particularly the learning entitlement and the repayment of the loans? I know you mentioned this before, in the sense that you said the majority of postgraduate students are women, but what actual impact might these changes have on those women?

**Ms Bexley**—We have not done anything specific, but, given that the teaching and nursing professions seem to be largely composed of women, the five-year learning entitlements would seem to put the brakes on women who have gone through an honours degree, for example, and have only one year of learning entitlement left. Will those women be eligible to take up postgraduate teaching and nursing in the HECS-liable protected teaching and nursing places if they have exhausted their entitlements? It seems not.

**Senator CROSSIN**—What effect does it have on women who want to go on and be, for example, specialist mental nurse practitioners or midwives? Do you see this as a barrier to encouraging women to do that?

**Ms Bexley**—Yes, the learning entitlements are a barrier—as, of course, is the added debt if they want to take a FEE-HELP place to build their professional education. Experience in New Zealand has shown that women on average take about 50 years to repay their HECS equivalent debt. For men I think it is about 24 years. That is because women often tend to work part time or leave the work force to raise children. Certainly, the repayment lengths on taking out a FEE-HELP interest-accruing loan to build up their resumes are not equitable for women.

**CHAIR**—Thank you very much for your advice today. It has been most helpful.

**Mr McKay**—Thank you to the Senate for the opportunity to help you.

[12.05 p.m.]

**HAYWARD, Miss Cathleen Margaret-Mary, Researcher, University of Tasmania Student Association Inc.**

**HULME, Mr Daniel Christopher, President, University of Tasmania Student Association Inc.**

**CHAIR**—I welcome representatives of the University of Tasmania Student Association Ltd. The committee has before it submission No. 454. Are there any changes that you would like to make?

**Mr Hulme**—We would like to speak on behalf of that submission and also on behalf of the submission from the student association's management committee.

**CHAIR**—Do you have any additional matters you would like to put before us? We will give you a chance to make an opening statement, but do you want to make any additions to your submission?

**Mr Hulme**—We would like to refer to the optional membership of student organisations, which is covered in the management committee's submission.

**CHAIR**—We will get that from you when you give your presentation. 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. However, I point out that such evidence may subsequently be made public by order of the Senate. I now invite you to make a brief opening statement.

**Mr Hulme**—We are appearing on behalf of the student association. There were two submissions made by the student association: one on behalf of the management committee, which is actually the committee of that association; and one on behalf of the student representative council, which is the representative arm of that association. We would like to comment on a few aspects of the proposed legislation.

Firstly, on the conversion of marginally funded places, we believe that due to the back-ending of the introduction of the new fully funded places and given that there will be a fairly substantial growth in enrolments and that marginally funded places have now been cancelled, the conversion could potentially—and we have not analysed this in detail—cause a dip in enrolments or the availability of places. That is particularly so in the case of Tasmania, given that the University of Tasmania has a fairly substantial marginal overenrolment.

We also wish to comment on the learning entitlements. The University of Tasmania has 14.5 per cent of its students, compared with a national average of 8.9 per cent, that go on to continue study in some capacity after they complete their first undergraduate degree. Also, the University of Tasmania actually has the fourth highest enrolment of students from low socioeconomic backgrounds and a fairly high enrolment of rural and isolated students. This could potentially

exacerbate the impact of the learning entitlement because, of students who need to go on to further study, fewer disadvantaged students may elect to pay the full fees that might be involved.

The University of Tasmania submitted that they did not have any problems with the governance arrangements. I would like to comment on one aspect of the governance arrangements—that is, I am concerned about the appointments of representatives on university councils *ad personam*. Our interpretation is that that may prevent *ex officio* appointments, and we believe that *ex officio* appointments are important because those people generally in other capacities, such as presidents of student organisations, work extensively within the university system and have a good understanding of the university system and the way that the university operates.

The university also submitted that they have no intention of increasing fees. They may have no immediate intention, but we are concerned, due to indexation funding not meeting the actual increasing costs of operating universities, that down the track they could be forced into a position where they have to do so. We are concerned from various arrangements about the impact that this might have on Tasmania's economy. It may cause a negative spiral. If some of these arrangements do impact negatively on Tasmania's economy, they may impact on the large number of students with low socioeconomic status, and therefore the equity problems that we see with this legislation may exacerbate that.

We believe that it will have an impact on access and equity, because the University of Tasmania is underfunded, or underallocated places, on a population shared basis; learning entitlements may affect retention and therefore cause problems with access for lower SES or rural students; and also the University of Tasmania's action in addressing this will be to charge more upfront fee-paying places. We are concerned that equity scholarships are being provided only to full-time students, because a lot of rural or lower SES students may be forced to study part time, for various reasons.

I would now like to make some comments on the optional membership of student organisations. The student association at the University of Tasmania has contributed greatly to capital developments over the last six or seven years. We are looking at entering into a service agreement with the university that will address things such as the provision of services in response to demand and also services that are delivered equitably. Various future infrastructure developments are mooted. If there were a style of OMSO introduced, similar to what was introduced in Victoria, that would not cause problems for us, because the SRC could still operate independently of S and A fees because it would be funded by surplus from commercial operations. But we would still oppose this move because, as per the ACCC's ruling on third line forcing at JCU, we also believe that it is in the public interest to compulsorily contribute to student representation as a service. We believe that services and amenities fees are vital for services and the future of infrastructure development. Basically, the notion that, if students wanted to be members of their student organisation and believed they needed that service, they would pay for it is sort of the same as saying, 'If people really needed roads, they would pay taxes.' But, as we know, people often do as much as they can to minimise their tax.

**Senator BARNETT**—I will keep my questions brief. The university vice-chancellor said this morning that he had no intention of increasing charges and fees for students. Does that not correlate with your analysis?

**Mr Hulme**—No, I agree. I firmly believe that he has no intention of charging them. What I am saying is that, unfortunately, the cost adjustment factor does not meet the current growth in expenditure for university funding. I know the vice-chancellor would prefer to provide extra full fee paying places because that would be more equitable than increasing HECS, but what I am saying is that that is another possibility for addressing that funding shortfall.

**CHAIR**—What choice would he have?

**Mr Hulme**—There are a couple of choices: the choices are to either increase the number of full fee paying places or increase the fees.

**CHAIR**—Either way, they will be from private sources, won't they?

**Mr Hulme**—There will be greater private contributions.

**CHAIR**—The students will pay more either way.

**Mr Hulme**—Yes, that is right.

**Senator BARNETT**—I would like to quote from page 3 of his submission. It says UTAS has:

... has no plans to raise the student fees above base rates. We will look for growth in income by increasing enrolments—not by increasing fees.

But there was a discussion this morning and quite a bit of questioning across the table. You can have a look at the *Hansard* and check that out.

**Mr Hulme**—I understand what the vice-chancellor would prefer to do, but that is not necessarily the same as what he would be in a position to do.

**Senator BARNETT**—Going back to your comments in your introductory statements regarding compulsory student unionism, you expressed a view that it is in the public interest that it be compulsory.

**Mr Hulme**—Yes.

**Senator BARNETT**—I am a proud graduate of the University of Tasmania, and there were a lot of my colleagues who did not support that at the time. I was actively involved in the union and in different activities, which was great, but many of my colleagues and students were not. What about those who do not wish to spend their money or be compelled by compulsory student unionism to be a member of that union?

**Mr Hulme**—I understand that there are people who feel that way, but I believe there is a difference—want does not necessarily come into it. Not everybody wants to pay taxes. I believe there is a need, because of the vital services that student organisations provide. The fact is that it is simply in the common interests of all students, the collective interest, to have those services.

**Senator BARNETT**—So it is for the greater good? That is your argument.

**Mr Hulme**—That is what I am saying, yes. That is our submission.

**Ms Hayward**—I would also like to argue on that point that I think student unions are an integral part of the university experience. If, for example, optional membership came in and our entire organisation was closed down, there would not be us contributing to capital development in conjunction with the university, there would not be any cafeterias, there would not be our coffee shops, there would be no clubs and societies, and basically there would be no campus culture at all.

**Senator BARNETT**—Don't you think it is a little bit blatant saying, 'There will be no cafeteria. There will be no coffee shop'? We live in a free world, and coffee shops and cafeterias exist all around Australia by the volition and free will of the owner-operator of the coffee shops and cafeterias. I do not think there are any laws stopping coffee shops or cafeterias opening, subject to appropriate planning laws, so why would you say such a thing?

**Mr Hulme**—Yes, but somebody needs to put up the initial capital, don't they?

**Ms Hayward**—Exactly.

**Mr Hulme**—And it does not just apply to commercial services.

**Senator BARNETT**—This is how the world lives; this is how we operate in Australia. We live in a democracy and we live in entrepreneurial environment where owners and operators invest, set up their coffee shop and then either lease it out or operate it themselves. It is a free world.

**Mr Hulme**—But we still have a government that forces us to do things because they are in the collective interest. You force us to pay taxes and you force us to contribute to superannuation, and there is a reason—

**Senator BARNETT**—But why would you say that there will not be any coffee shops or cafeterias? I am totally dumbfounded by that comment.

**Ms Hayward**—We run our operations at cost. For example, we have two resource centres at the northern campus, and the S AND A fees cover the cost of our wages but it is not a profitable operation.

**Senator BARNETT**—What if it was run by a private operator for profit?

**Ms Hayward**—I do not see how a private operator would go into a business venture where they are not going to make a profit.

**Senator BARNETT**—Who says they will not make a profit?

**Mr Hulme**—They would have to charge higher, that is for sure. They especially may not go into a business venture where they have a limited market and they only have the capacity to operate over about 26 weeks of the year.

**Senator BARNETT**—I am sure there are arguments for and against. As I say, it is a free world, but I find it a little bit odd that you think that they would not exist.

**Ms Hayward**—That would be in the worst-case scenario, which is what we are looking at at the moment.

**Senator BARNETT**—I disagree with that, but that is okay. I appreciate your views that have been put forward.

**Senator MACKAY**—I want to come back to an issue that Senator Barnett touched on, and that was fees. There seems to be a fairly broad gap between the submission from the University of Tasmania and what the vice-chancellor actually said when he came here. I think Senator Crossin and the chair were asking questions with respect to that. The vice-chancellor said his aspiration was not to increase fees. In a perfect world, he was saying, he would not charge fees at all. I agree with Senator Barnett—do check the *Hansard*—but I understood him to be saying that, particularly in the post 2007 regime, where the funding becomes even more imponderable and there is a lack of indexation, he simply could not rule it out. He said he did not want to raise fees, but he could not rule it out. I guess that is really what our questions were going to, because it is important for us as the Senate to look at the long-term perspective. I just wanted to agree with you and suggest that the *Hansard* may be worth checking with respect to this.

The University of Tasmania also made a point that the increase in the number of full fee paying places may result in the diminution of places available to Tasmanians. That point was made by the university's Mr Barnett. He was saying that that seemed to be the historical situation. Has that been your experience? I am also interested in your comments on the 7.5 per cent regional funding initiative and the fact that the inclusion of additional universities, seemingly on a fairly ad hoc basis, may diminish the assistance available to University of Tasmania.

**Mr Hulme**—Could you please repeat those questions briefly?

**Senator MACKAY**—There was the issue about fees, which I think you have covered. Secondly, there was the increase in the full fee paying cohort, which may disadvantage Tasmanians, if not the university. Do you agree? Has this historically been the case? And there was the 7.5 per cent—I think that is correct—and the diminution in assistance available as a result of the increase.

**CHAIR**—It may be down to five per cent.

**Senator MACKAY**—It may be down to five per cent, the University of Tasmania was saying, and therefore they may have less funding available to them.

**CHAIR**—There is the industrial relations component, and whether or not they can meet the criteria for that—whether or not they get any money.

**Senator MACKAY**—Yes, and we will deal with student unionism in a minute.



**Mr Hulme**—On the full fee cohort, I believe this is particularly an issue for the University of Tasmania because of the number of students of low socioeconomic status that we have.

**Senator MACKAY**—I think it is 28 per cent, isn't it? It is one of the highest percentages in Australia.

**Mr Hulme**—Yes, it is 28 per cent. It is the fourth highest in Australia, although I must say that, in terms of full fee paying regimes, the University of Tasmania does have one of the best. It actually only offers full fees to students who access government subsidised, HECS liable places. It does so at a discount below what the up-front payment of HECS would be. It actually saves the student money and gets itself some money. Through that arrangement, the government would pay the difference. There are two unfortunate things about it. One of them is that students actually get even more of a discount based on their capacity to pay up front, which we believe is inequitable. The other equity problem is that fee-paying students can actually convert back to a HECS-paying place, which might take it away from another HECS-paying student that gets enrolled in the future.

**Senator MACKAY**—So the issue is pushing out places for Tasmanians.

**Mr Hulme**—They would prefer to increase those sorts of fee-paying arrangements. There are a couple of small inequities with that arrangement, but I do believe it is one of the best full fee paying arrangements. On the issue of regional funding, I believe the University of Tasmania was originally entitled to get five per cent but there may be 7.5 per cent available through negotiations.

**Senator MACKAY**—I think it is the other way around: the 7.5 per cent is diminishing because the government is actually adding extra universities and changing the definition of 'regional'.

**Mr Hulme**—I was not aware of that.

**Senator MACKAY**—That is fine.

**CHAIR**—I take it you have had a chance to read the legislation now.

**Mr Hulme**—I have been briefed on it.

**CHAIR**—I would like to ask you about the change in the relationship between the Commonwealth government, the university system and individual institutions. In the past we have talked about universities as being autonomous, self-accrediting, independent. The proposal that we have to consider allows the Commonwealth minister to intervene in universities to a point that we have never seen before. I am wondering what your attitude is to the idea of a minister in Canberra determining what particular courses are offered by the University of Tasmania, the amount of time students spend, the industrial relations arrangements that are made with the staff who are actually teaching those courses, the research arrangements and whether or not the university is required to make penalty payments for any such contracts. How do you respond to all of that?

**Mr Hulme**—It sounds clear for anyone who would be listening to that that the minister wishes to exercise a greater and greater degree of control over universities, and this runs entirely contrary to the rhetoric of the government that they would like to free up universities to follow their own missions and define themselves individually. That has been the rhetoric of the government, because universities are all different. It is obvious. Universities do need to be more autonomous institutions if they are going to be able to define themselves in terms of their own missions and their own specialisations.

**CHAIR**—The minister's discretion is so broad that he could make decisions about individual institutions on a case-by-case basis, effectively having *carte blanche*. I am not saying this minister would, but a future minister, if he or she chose, could pork-barrel their way right around the country and there would be very little that any parliament could do about it under these arrangements. What do you think about that as a way of running an education system? It is pretty good if you are thinking of the pork!

**Mr Hulme**—It may be good for the University of Tasmania under the current Senate but not necessarily under a future Senate.

**CHAIR**—It will not be the Senate handing out the money; let me assure you of that.

**Mr Hulme**—One comment I would make about that is that it seems, while the rhetoric was that the government's intention was to free up universities to follow their own missions, there was also a lot of rhetoric about universities specialising. A university like the University of Tasmania—which has to support a population that may not have a lot of choice in terms of other places to study, particularly for the more disadvantaged students—has to offer a wide variety of courses to serve its population and to serve its economy. The minister now has the potential to force that specialisation on institutions because of that discretion.

**CHAIR**—I have a series of answers that the department has provided to questions originally from Senator Harradine. The questions go to the issue of whether or not any plan or research is being undertaken to improve the level of participation in Tasmania. You have made a submission to us today which suggests that you think the levels of participation are not good enough, particularly among those from working class families. One answer says:

The Department is not aware of any research that specifically addresses how Tasmanian participation rates might be increased.

Another says:

The Department has therefore not formulated a view on how best to increase the Tasmanian rates.

They are talking there about the participation rates. Can you see anything in this package of measures that could lead to an improvement in the level of participation for Tasmanians?

**Mr Barnett**—I would say that it is quite the reverse. I would simply refer to the comments I made in my opening statement on the concerns we have about the impact of some of the measures on access by disadvantaged students.

**Senator NETTLE**—I want to ask you some questions about your student organisation. You list in your submission a number of different services that the student organisation provides. To what extent are those services used by general members of the community, rather than just university students? Do you have mechanisms whereby the community can benefit from those things that you provide—for example, from sporting facilities or whatever?

**Ms Hayward**—We do. For example, our sport and recreation centre is open to the public. The other thing that comes to mind is Degrees restaurant, which caters to the public and also does catering for private functions.

**Senator NETTLE**—I am just trying to get a sense of the things that may not be there for the community around the university if those student services were not there, and the ways in which the community uses the student services that you provide. You have given some examples already—

**Mr Hulme**—Another example I can think of is possibly some of the events and activities that we hold. Sometimes general members of the community, or even students from the AMC who are not members, benefit from those.

**Senator NETTLE**—You seem to indicate in your submission that people can consciously object to being a member of a student organisation. What is the situation there—do they have to continue to pay the fee?

**Mr Hulme**—The term that used to be used by the government, VSU, or the current term, OMSO, are both misnomers in the sense that they refer only to membership. We are not opposed to students not being members of their student organisations. The arrangements are already there in Tasmania. What we are opposed to is the removal of the compulsory fee that funds those organisations. The current arrangement at the University of Tasmania is that, if someone objects to being a member of their student organisation, whether it be the Student Association in the north or the Tasmania University Union in the south, they can indicate that to the university. It is an opt-out sort of situation. Then their fee, instead of being divided between the management committee and the SRC of the association, goes entirely to the management committee. So it still funds those vital services. That member then does not have the opportunity to participate in or stand for election to the SRC.

**Senator NETTLE**—One of the things that we talked about before in the committee is that, if the student organisation is not there to provide the services—and this is something you were talking about with Senator Barnett—either private providers would come in and provide those services or, in some instances, the university may have the capacity to pick up some of those services. Do you have any sense of the University of Tasmania's financial capacity to pick up the services that you currently provide, particularly in relation to the advocacy and appeals support process that you provide for students?

**Ms Hayward**—Our vice-chancellor is in support of our student organisation, and we are currently in the process of looking at a service agreement with the university. The points of that service agreement are to maintain equity in the range of services and facilities provided to campuses, to maintain the quality of services and facilities, to maintain consistent pricing and to

maintain a regular program of review between both the SA and the university. So there is the possibility of that, which we are currently looking into.

**Mr Hulme**—In raw figures, the university has an overall budget of somewhere in the region of \$200 million, and it collects somewhere in the region of \$3 million in service amenities fees. So we are looking at approximately a 1.5 per cent impact on that budget. I am not sure that the legislation would preclude the university using its own money to fund certain services that student organisations may normally provide.

**Senator NETTLE**—I am not clear about that either.

**Mr Hulme**—Apparently, there is a list somewhere of non-course related services—whatever that means—that refers to the services that universities cannot charge compulsory fees for.

**Senator NETTLE**—One of the submissions from witnesses appearing later today talks about the number of students from Tasmania who are studying interstate—who are studying on the mainland. Of three different states, Tasmania is the third highest in terms of the percentage of students who go, in this instance, to the mainland to study. You have heard a lot of the discussion about the impact of this package on the University of Tasmania's capacity to provide for more students. Do you have any anecdotal evidence or evidence from people within your organisation about any trends relating to Tasmanian students going to the mainland to study? Is that something you are seeing increasing? Do you have any comments on that issue?

**Mr Hulme**—One big problem that Tasmania has is that a lot of the best students tend to go and study on the mainland, because they have the opportunity to do so through gaining higher entrance scores or through gaining scholarships.

**CHAIR**—Will that increase with this package? Is the brain drain out of the state likely to increase, or decrease, as a result of this package?

**Mr Hulme**—I believe that there will be a couple of different impacts at different ends. The best students may be able to access more scholarships, based on the fact that they can get the scores. Those who have a bit of money but do not necessarily gain the entrance scores may be able to buy their way into some of these prestigious, particularly high fee, courses—the ones that could not be fully covered by the \$50,000 provided in the FEE-HELP scheme. At the other end of the scale, there are the effects on disadvantaged students that we mentioned. Most of them would access the University of Tasmania, and their access would be compromised. It has just been shown that people on lower incomes are more risk averse and have less capacity for free movement around the country.

**Senator CROSSIN**—I want to go back to some of the comments that Senator Barnett was referring to. Ms Hayward, you pointed out that you support and subsidise operations like the cafeteria because, understandably, it is only open for about 25 weeks of the year. But what about the prices that students pay in those outlets?

**Ms Hayward**—I would say it is much cheaper compared to external operators. I have not actually got an itemised list, but I think if you look at it over the course of the year for a nominal fee of \$200 to \$300 they do get cheaper food, they also get access to lecture notes and things like

that in our resource centres. What I am trying to say is these are poor students. They get access to all these events and activities—a uni bar, clubs and societies and free barbeques—for just a few hundred dollars a year. That is quite a good thing. It is also very important within the campus culture.

**Senator CROSSIN**—Do you have with you the number of people who opt out? You said there was an arrangement for that.

**Mr Hulme**—That is right.

**Senator CROSSIN**—Do you know how many actually do that?

**Mr Hulme**—I do not know what the numbers are in the south, but last year the number for our student association was one.

**Ms Hayward**—One in just under 5,000.

**Senator CROSSIN**—We have asked this of other universities through the week and I want to ask it of you: if in fact the legislation were successful—if in fact some of your operations were forced to close down or change hands—do you believe that the universities would have sufficient resources to pick up those services? Senator Barnett talks about private operators operating the cafeterias, but what about the counselling, the guidance and the lecture notes? Do you believe the university would pick up those services, or do you think they would be gone?

**Mr Hulme**—In the case of some of those services, the university, rather than us, actually provides them. But in the case of a lot of the other services, they would be gone. We would be forced to wind up—

**Senator CROSSIN**—Can you give us some examples of those?

**Mr Hulme**—A good example is student insurance. We provide personal accident insurance for all students, 24 hours a day, seven days a week while on campus or off campus in study related activities. That is one example. We provide a parenting room for students to look after their kids in. We provide administrative support for a university scheme called the safety net grant, which is available to students in financial trouble. That is some money in a trust fund for if a student is financially struggling and they are at risk of dropping out.

**Senator CROSSIN**—So do you think these services would continue to exist if this legislation got up?

**Mr Hulme**—Most of them, I suggest, would not.

**Ms Hayward**—I think it would only be the bigger universities whose student organisations would survive. I do not think the student organisations of regional campuses like ours would. We just do not have the resources.

**CHAIR**—Thank you very much for your assistance today. It has been most helpful.

**Proceedings suspended from 12.42 p.m. to 2.13 p.m.**

**EVANS, Mr Nicholas Stephen, Director, Strategic Planning and Development, Department of Education, Tasmania**

**GROVER, Dr Adam Barrington, Senior Policy Analyst, Department of Education, Tasmania**

**STEVENS, Mr Michael, Deputy Secretary, Department of Education, Tasmania**

**CHAIR**—I welcome representatives from the Department of Education, Tasmania. The committee has before it submission No. 471. Are there any changes that you would like to make?

**Mr Stevens**—No, thank you.

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

**Mr Stevens**—I will give a little context then reiterate some of the points in our submission. The Tasmanian government embarked on a process known as Tasmania Together which has at its heart a vision of what this state will look like in the year 2020. It is a 20-year social, environmental and economic plan that will result in the state having a prosperous, inclusive and tolerant society. The plan consists of a number of benchmarks, 212 in all, and strategies—some developed, some being developed—of how these benchmarks can be achieved. One of the cornerstones of the plan and the foundation of many of the strategies is to engage all Tasmanians in education and training. It is a well accepted fact that education and training is a key to fulfilled individuals, competitive industries and a tolerant, inclusive community. A vital player in the strategy is a properly vibrant and resourced higher education sector. Our submission states:

Universities in a regional setting play a strategic and irreplaceable role in providing economic, cultural, intellectual and artistic advantage to regions. It is important that the role of regional higher education is strengthened.

The Tasmanian Government welcomes the Commonwealth's acknowledgement in "Backing Australia's Future" that Universities must be freed from unnecessary constraints and that they should be able to respond flexibly to the needs of their constituencies, including potential and existing students, staff, employers, industry, local, regional and national communities.

While the State supports reforms to Australian higher education, the Tasmanian Government should be provided with ongoing opportunities to contribute to higher education policy in view of its responsibilities for higher education and the level of financial and other support that it contributes.

The Tasmanian Government agrees with the Commonwealth's view that it is vital that quality be maintained and enhanced within the higher education sector. Higher student expectations as well as increasing student financial contributions necessitate initiatives that validate and enhance teaching practices within higher education. Therefore, the Commonwealth needs to ensure an equitable funding framework to promote excellence in teaching, learning and scholarship.

I will briefly refer to the situation within this state. As the committee is probably aware, the Tasmanian community has had levels of participation, retention and achievement which lag behind the national average and a lot of the other states. A lot of work has been done on strategies to do something about that. From 1996 to 2002 there has been an increase from 54.2 per cent to 75 per cent of people undertaking year 12. During that same time there has been a reduction equivalent to 650 places to the University of Tasmania, so it is our submission that a 30 per cent increase in retention rates coupled with a six per cent reduction in operating grants for the University of Tasmania has created pressures which the Commonwealth must relieve.

I will briefly dwell on our year 12 participation. Currently, 3.2 per cent of the nation's students are in our year 12, and our population is 2.41 per cent. The Tasmanian government are of the view that, for us to prosper and develop as a state, we need to have the necessary places in the higher education system. I will expand briefly. Tasmania has 2.42 per cent of the 15 to 64 age cohort, yet the university only receives 2.29 per cent. That includes both the University of Tasmania and the Australian Maritime College. If you take out the Australian Maritime College, on the basis that it is a national institution rather than a Tasmanian higher education provider, that reduces to 2.18 per cent—which, if you follow the maths through, is a shortfall of about 1,000 places at the university.

A relatively high proportion of Tasmania's population is from disadvantaged backgrounds, with low income, high unemployment, low educational attainment, dependency on income support and poor health status. We are unusual compared to other states—with, perhaps, the exception of the Northern Territory—in that we have a certain percentage, or a larger percentage, of our population residing in rural areas. The current enrolments at the University of Tasmania include 28 per cent of students with low socioeconomic status, while rural and isolated students account for nearly 40 per cent of all enrolments. These groups tend to have poorer rates of retention, progression and achievement, and we believe these factors need to be taken into account when considering the adequacy of Commonwealth financial support for education in this state.

We believe that the University of Tasmania is underfunded across a range of criteria, including population share, increased year 12 retention and the high mobility rates that we currently have. We would seek that this committee take that on board in its consideration. Let me also say, on the equity front, that inappropriate financing mechanisms which do not work for equity groups are extremely effective filtering mechanisms for those community members who are not strongly represented in higher education.

We would also like to support the University of Tasmania in its research endeavours. We believe that the university is a key player in Tasmania's future social and economic development, and we applaud the university's effort in its performance based research funding. In fact, it is one of seven universities to exceed the cap on research funding, and it is our submission that part of that is due to the fact that the research done at the University of Tasmania is highly responsible to regional research needs. I will evidence a couple of the areas of excellence. The Centre for Ore Deposit Research, the Institute of Antarctic and Southern Ocean Studies, the Menzies Centre for Population Health Research, the Tasmanian Aquaculture and Fisheries Institute and the Tasmanian Institute of Agricultural Research, which collectively received \$5.8 million from the institutional grants scheme, are all examples of the university and the state government working together.



**CHAIR**—Thank you very much. Has the department had a chance to read the legislation that has been tabled?

**Mr Stevens**—Yes.

**CHAIR**—Then you would be aware of clause 30-25, which go to the conditions of the Commonwealth Grant Scheme. In essence, it allows the Commonwealth minister to set the conditions to which grants are subject on a case-by-case basis. Effectively, it gives the minister carte blanche to set conditions on an individual institutional basis: to determine courses, student load, the amount of time students spend at a particular institution—it actually refers to ‘places in courses of study’ at undergraduate level—the industrial relations arrangements and the research profile. In fact, there is not one aspect of the operations of a modern university that these new funding contracts will not be able to cover. Further, penalties will be applied to those who step outside these contracts. Are you familiar with that clause?

**Mr Stevens**—We are in general terms.

**CHAIR**—Have you thought about the legal implications of that?

**Mr Stevens**—We have not done the full analysis of what that would mean. We would hope that the original premise for Backing Australia’s Ability, which was to free the higher education sector from unnecessary constraints—

**CHAIR**—I was going to draw your attention to those statements that you made in your opening remarks. It seems to me that that is totally inconsistent with the provisions that are applying here. You probably know I have a bit of a reputation for asking that people be accountable for the spending of Commonwealth money, but this is a bit beyond what anyone has thought of to date. The question I ask is this: if this goes through, why should you have a higher education role at all? What role is left for the state government if the minister can determine every level of detail of the operation to this extent?

**Mr Stevens**—The Tasmanian government believe that the state is extremely important. We would hope there would be a collaborative approach between the two tiers. For universities to work best, they have to relate to their community and to the areas within which they operate. We believe that a single-tier approach will not result in, if you like, maximisation.

**CHAIR**—But what possible role would there be for you? You will not be able to have a say over courses, student load, the research profile or the industrial relations arrangements. What possible role would there be for a state if this legislation were accepted in its current form?

**Mr Stevens**—It would make it extremely difficult for us to cooperate as we do with the university to achieve what this government sees as priorities for it and to link with the higher education provider.

**CHAIR**—You have mentioned to the committee—and it is an appropriate proposition; I am sure every member of the committee would agree—that universities play an absolutely critical strategic role in the regional economies. The Maritime College is a very important part of the Tasmanian scene. It is a national institution, but it has an international reputation. My reading of

it is that the Maritime College is about to lose \$10.3 million and have an annual budget of just over \$11 million—about a third. Today we have heard the Vice-Chancellor of the University of Tasmania tell us that the viability and sustainability of the Maritime College would be extremely difficult under those circumstances. Would you agree?

**Mr Stevens**—I imagine it would be. We have had discussions with the Maritime College about the package in general, and they have informed us that they are having discussions with DEST about their funding as to what the actual effect of the package would be.

**CHAIR**—But if you lose a third of your funding it is pretty clear what the effect will be.

**Mr Stevens**—I would not argue with that.

**CHAIR**—The Maritime College has had a deficit every year since 1996. They are probably one of the most severely affected of all the Commonwealth funded institutions as a result of the Commonwealth government funding arrangements since that time. How could they possibly survive a further reduction of a third in their funding?

**Mr Stevens**—I am not sure. They would obviously have to respond for themselves. But I would imagine, just on the figures that you have quoted, that that would be extremely difficult.

**CHAIR**—Their operating margins seem to have deteriorated markedly, their comparative enrolment profile is in a very serious and declining situation, and their asset base is declining. I notice their comparative research income is not looking particularly strong either. In this context, what are you going to do to facilitate their survival?

**Mr Stevens**—In the discussions we have had with them they have indicated that they have discussions coming up with the Commonwealth department in the near future, and as a result of those discussions we would talk to them about strategies or approaches that we could probably—

**CHAIR**—It just seems to me that the minister might be trying to force an amalgamation with the University of Tasmania. That would not be welcome, would it?

**Mr Stevens**—Both the university and the Maritime College have indicated that, while they will have talks about a range of issues, a straight out amalgamation at this stage is not on the books.

**CHAIR**—I notice that answers given to Senator Harradine's questions on notice from the Senate estimates process have revealed:

The Department is not aware of any research that specifically addresses how Tasmanian participation rates might be increased.

As you have indicated, there are serious issues with regard to the low levels of participation, and in terms of social equity this has serious consequences for the state. In an answer to a question from 5 June, numbered E302, the department tells the Senate:

The Department has therefore not formulated a view on how best to increase the Tasmanian rates.

Given the level of collaboration and consultation you have had with the Commonwealth department, were you aware that they had no plans for or idea of how they could improve the participation rates of people from working-class backgrounds?

**Mr Stevens**—I was not aware of that.

**CHAIR**—Do you think they tell you everything that is going on?

**Mr Stevens**—It is hard to know.

**CHAIR**—Obviously the industrial relations bill was a surprise to you. Were you aware that they were going to pull a stunt like that?

**Mr Stevens**—We certainly were not aware of the content of the industrial relations bill until it was revealed.

**CHAIR**—Are you aware of their research strategies or program, which is part of this package yet is not revealed to us?

**Mr Stevens**—As we said in our submission, we would hope that we could have a greater collaborative approach with the Commonwealth department so we could—

**CHAIR**—Have you seen any of the guidelines in terms of the administration of any of this package?

**Mr Stevens**—No, we have not.

**CHAIR**—I wonder how much information there still is for us to find out about this package. If the Tasmanian government has not been advised of these critical issues, how far can we take this forward? We do not know what the other parts of the package are or what agenda is being pursued here. Has there been any discussion with you about any regional impact statements?

**Mr Stevens**—No. I think the Victorian minister is attempting to hold a symposium or a one-day ministerial meeting to try and flesh out some of these issues. But we have not received anything.

**CHAIR**—The University of Tasmania indicated to us today that they cannot guarantee that they will not impose any additional surcharge on the HECS places—the 30 per cent option. In fact, they implied that they will have to increase a number of fee-paying places to get their growth. Have you had any discussion about any alternative source of funding for Commonwealth places in this state?

**Mr Stevens**—We have had a range of discussions through the university partnership agreement about ways in which the state and the university can cooperate. Part of that is through state moneys for research projects and some of the centres of excellence that I talked about before.

**CHAIR**—Do you put money into CRCs?

**Mr Stevens**—Yes, we put money into a number of them.

**CHAIR**—The states collectively contribute about \$1 billion a year to various research activities. But are you able to fund additional undergraduate places?

**Mr Stevens**—I do not believe we would not be able to fund further places.

**CHAIR**—So the state will have to look to the Commonwealth for additional growth.

**Mr Stevens**—We would certainly have to have discussions with the Commonwealth if those things came to pass.

**CHAIR**—Have you had any indication from the minister that he is prepared to support your view, in terms of the 1,000 places that you are short at the moment?

**Mr Stevens**—I know that our state government minister has written to him about those, and I believe that the essence of the response was that it would be discussed as part of the whole process.

**CHAIR**—'Get the mirror out and have a good look into it'—is that what was said? It strikes me that the University of Tasmania is on a knife edge. It is a couple of hundred thousand dollars over the line in terms of its operating margin. It has been said to us that, on the basis of certain modelling, it is likely to attract some \$4 million in the first year under this project. Have you seen any of that modelling?

**Mr Stevens**—I have not seen the modelling. We have had discussions with the university about the modelling that the university has done about what it imagines it would get under the package.

**CHAIR**—Could we have a look at that? Are you able to give us any advice on how that modelling has been done?

**Mr Stevens**—I could certainly talk to the university about that. I cannot imagine there would be an issue with providing that.

**CHAIR**—We would appreciate that. The industrial relations component would be a substantial part of the \$4 million. My reading of the edict that has been issued, the proclamation issued on Monday, is that it would be very difficult for the University of Tasmania to meet that criterion. Would you agree?

**Mr Stevens**—I am not sure what the university's specifics are about industrial relations. We put a view forward in the submission that industrial relations is best handled between the parties. That is the context.

**CHAIR**—The vice-chancellor told us this morning that it was totally unworkable. He was quite scathing in his criticism. The point I am making is this: if there is a so-called \$4 million advantage conditional upon the university signing up to this industrial relations policy and it

cannot do it, isn't it reasonable to conclude that the assumptions on which this so-called \$4 million benefit have been calculated are flawed?

**Mr Stevens**—As we said before, we would hope that the industrial relations matters would be dealt with by the parties, and we would hope—

**CHAIR**—I know what you hope, but that is not what this bill says. This bill says you will not get the money unless you agree to the government's blackmail. I am putting a proposition to you. Is it possible to get a financially positive benefit out of this package if you cannot meet that blackmail?

**Mr Stevens**—I think it would come down to discussions between the higher education sector and the Commonwealth government as to what that actually means.

**CHAIR**—What is the Tasmanian government's view on that?

**Mr Stevens**—As I said, we would hope that the original pretext of the report itself, which is about encouraging flexibility and reducing constraints, would come to the fore.

**CHAIR**—Are you optimistic that that will happen?

**Mr Stevens**—We are always optimistic.

**Senator BARNETT**—Thank you for your submission. I have a few questions about the government's package, and then I want to move on to the Labor Party's package. On the analysis and research that I have done, the University of Tasmania will receive a funding increase of \$17 million over three years under the government's package. I want to draw your attention to the views expressed by the federal Minister for Education, Science and Training, Brendan Nelson. He has said that he guarantees no institution will be worse off under the proposals. Do you agree with the Chair's view that the AMC, for example, would have a \$10.3 million cut—a cut of about one-third—and, therefore, the implication that the federal minister was actually lying to the Australian people, or do you have faith with the federal minister's view that no institution would be worse off under the proposal?

**CHAIR**—I was quoting a DEST document published on the front page of the higher education supplement, not exactly a secret document.

**Mr Stevens**—I answer with reference to my previous answer. Optimistically we would say yes. If the federal minister has said something in black and white then we would anticipate that he would live up to that claim.

**Senator BARNETT**—On page 4 of the University of Tasmania's submission they said that there would be an increase in base funding of 2.5 per cent from 2005 building to 7.5 per cent by 2007. That supports the view I expressed earlier in regard to the funding increase. Are you aware of the detailed analysis by the Commonwealth Department of Education, Science and Training? This is referred to in the media release of the federal minister, Dr Brendan Nelson, of 1 September, where he said that that analysis was verified by the Department of Finance and

Administration and 'has revealed a massive black hole in the costing of Labor's higher education policy.' He said:

Under Labor's package the University of Tasmania will actually be almost \$4 million worse off and will be forced to fill the funding black hole revealed in Labor's package.

Labor's ... policy promises that all maths and science students will be moved from HECS band 2 to HECS band 1.

That analysis also showed that the Australian Maritime College would lose funding of \$250,328. Are you aware of that analysis?

**Mr Stevens**—We have not seen that analysis, but we have certainly read about it in the newspapers.

**Senator CROSSIN**—It is flawed.

**Senator BARNETT**—So, if you accept that analysis which has been confirmed by two federal government departments, there is a real contrast then between the government's package and the Labor Party package.

**Mr Stevens**—We have not seen and have not been provided with any of that analysis, so I cannot really comment on it.

**Senator NETTLE**—When the vice-chancellor from the University of Tasmania gave evidence this morning and we were talking about participation rates particularly for people from the north and the north-west, he talked about some programs that the state government have been involved in to try to increase those participation rates. Can you outline the nature of those programs? How do you think they relate to Commonwealth responsibilities in that area?

**Mr Stevens**—We have a number of projects that we have done in collaboration with the university and in fact with all providers in the north-west. As you are probably aware, there has been a reasonably innovative approach to local government on the north-west of the Cradle Coast, which is essentially a body which amalgamates eight existing local government areas. We have been discussing with them ways of lifting the education and training performance and participation and retention for people on the north-west coast. We have funded a position between us, the university and TAFE to provide on-the-ground arms and legs, if you like, to try and get going some of the projects that existing providers and community groups have—lifting the rate and perhaps changing the culture and people's approach to education and training on the north-west. One of the specific things that the university has done is to build a campus which is available for first-year students in the Burnie area—it also runs a range of tasters. We are leveraging off that to try and get more people. As far the government is concerned, we are trying to get more and more people into year 12, then we encourage them to go into training or higher education. Nick, are there any other specific projects that we are doing that may be of interest to the senator?

**Mr Evans**—There a range of scholarships which are also available to people from those localities who might want to further their higher education if it requires them to move locations. That has traditionally been a difficulty in Tasmania, being the most decentralised statesman: it

has required people to move, effectively, to pursue their ambitions. There are a range of scholarships now available to assist people in doing that.

**Senator NETTLE**—Do you have a view on how this package may affect those sorts of issues that you are trying to address through those particular programs that you are working on?

**Mr Stevens**—If the resourcing is such that the university can expand the number of places then that is going to cater very well for our attempts to lift participation and retention up to year 12. So in our view the number of places available, especially at the University of Tasmania, is critical to actually achieve the strategy we need to achieve. We would hope that, as I said, going back to the pretext of the review, which is to free up unnecessary constraints, as long as the resources are appropriate—and that is obviously the concern of the government—we can actually achieve those ambitions.

**Senator NETTLE**—Do you have a view on what role the Commonwealth should be playing in the sorts of projects that you are working on trying to increase participation rates in those areas?

**Mr Stevens**—We would hope very much that they would collaborate with us on those projects and, through pilot funding or whatever, actually perhaps even put some resources into it. I have to say that the one on the Cradle Coast receives Commonwealth assistance through the strengthening regional communities program which is run under Minister Anderson.

**Senator NETTLE**—I have a question which relates to the next witnesses we are hearing from who are from the National Tertiary Education Union. They have a table in their submission which points out the number of students who are studying interstate for different states and Tasmania is the third highest in terms of people who go to the mainland to study. Do you have any comments about people moving to the mainland and do you think this package will make any changes in terms of that issue?

**Mr Stevens**—Our view generally is that, with the shortfall of places that there are at the moment, if we had more places then there would be a much greater chance that a number of those people who go to interstate universities would stay. I think the figures show that of the number of students who are studying at universities only 25 per cent of those are doing courses which are not offered at the university here. So a reasonable number of people do go interstate and we would say that that is (a) because we need to have more funded places, and (b) there is a certain reality when you are in a small state, an island state, that there are a number of people who wish to broaden their experience and go to other areas. As a government, we are trying to develop strategies to encourage them to come back when they have had a number of experiences so they can create wealth, expertise and add to the community here.

**Senator NETTLE**—Do you have concerns that there is a capacity in this package, in terms of the possibility of reduced funding for the University of Tasmania, that may emphasise or greatly heighten that capacity for people to travel to the mainland?

**Mr Stevens**—Anything that has a potential to or results in a reduced number of places obviously runs contrary to what we as a government, hopefully in collaboration with the University of Tasmania, want to achieve.

**Senator MACKAY**—In relation to the Australian Maritime College and Senator Carr's questions on that, if we are looking at a reduction of one-third in funding—and, presumably, one would agree that that makes it, essentially, unviable—would the state government be prepared to step in and bail out the AMC?

**Mr Stevens**—I really could not answer that, Senator. It would be a matter of government policy. Given that it is an Australia-wide institution—

**Senator MACKAY**—It is the only one of its kind in Australia.

**Mr Stevens**—Yes, so we would be arguing strongly that it is a Commonwealth matter.

**CHAIR**—It might equally be argued that it is unreasonable to expect a state government to bail out a national institution. There is no inference here that it should. But it strikes me as incredibly important that we see a college of this type being faced with such financial difficulties. I think that is the thrust of it. The consequences of this package for this particular institution have gone totally unnoticed on the mainland.

**Mr Stevens**—We put forward the view that it is an Australia-wide institution that happens to be based in this state, as opposed to the University of Tasmania, which is clearly a university that serves the state.

**Senator MACKAY**—The other thing that was brought to our attention this morning was the concern of the University of Tasmania about the short time lines with regard to planning. For example, at this point there is no regime in existence post 2007. I do not want to verbal anybody, but I think the vice-chancellor was essentially saying that that is a point at which very hard decisions may be required if there are no guarantees. This state government has had experience so far with the Medicare package, for example. I am wondering if you are aware of that and whether the university has talked to you about that.

**Mr Stevens**—No, we have had no discussions on that.

**Senator MACKAY**—Okay. With respect to that, I will go to another question that Senator Carr raised. On the governance issues, I would be very interested—and I am sure the committee would be too—to see an analysis from the government of the clause that Senator Carr mentioned with respect to the Commonwealth Grants Commission. He described it as *carte blanche* on interference and penalties et cetera. If you could take that on notice and perhaps get Treasury involved, that would be very useful. If there is *carte blanche*—and I think there is—then how would that impact on, for example, the university partnership arrangements and Tasmania's industry development processes? If the Commonwealth can interfere at any level, which is what is being alleged—and I would be interested in your views—how would that impact on the cohesion of the state government's industry development plans?

**Mr Stevens**—The government have worked very hard to utilise the links with the university here to develop a whole range of strategies and outcomes that actually build the capacity of the state. So we would obviously be concerned if anything impacted on that or sent one of the parties in a direction which was not seen collectively as the way to go. Obviously, there would be some concern, but it is a bit hard to answer that without knowing exactly what—



**CHAIR**—Can I just come back to that? We would be seeking advice from you on the legal implications of the bill. It is all very well to have a presumption that people want to be nice, but we are being asked to pass a law which will give extraordinary discretion to any future minister. You may well have good relations with this minister, but I would like to know your view on the legal implications of the bill, particularly when it comes to the capacity to directly intervene in the management of the university.

**Senator BARNETT**—Do you mean a Labor minister, for example?

**CHAIR**—I am saying any minister. I am not trying to be party political, but it may well be argued that any minister, male or female, of any party, will in the future have extraordinary capacities to intervene. That is the proposition I am putting to you. I am asking if you could have a look at it. With your legal expertise, what do you believe the implications are for your operations here?

**Mr Stevens**—I will take that on notice.

**Senator MACKAY**—Also, Mr Stevens, Senator Barnett and I would both be interested in your view on what the vice-chancellor said this morning about the original 7.5 per cent that was being talked about. He indicated that, with the inclusion on a seemingly ad hoc basis of what he termed outer metro institutions—I cannot remember the words he used—their projected reduction has gone from 7.5 to five per cent already. I do not know if you have had a look at that. Mr Evans is nodding vigorously.

**Mr Stevens**—We have had discussions with the university. We understand the effect of the change of eligibility rules for that pool. With the pool not increasing, there will be an effect of about 400,000 on about four million. So it is about 10 per cent.

**Senator MACKAY**—And that is so far.

**Mr Stevens**—That is my understanding from the university.

**Senator MACKAY**—So that is \$400,000. This is with the inclusion of universities like Wollongong et cetera?

**Mr Stevens**—As I understand it, yes.

**CHAIR**—That is right. It is a finite pool—\$122.5 million over four years. If you increase the number of competitors for it, there is a good line of logic to say it may well be less money for individual institutions. Is that the proposition that you—

**Mr Stevens**—That is my understanding. Our discussions with the university would say that it has an effect of about \$400,000 on potential.

**Senator MACKAY**—That is very useful. We did not get that quantification this morning.

**Mr Stevens**—I might just confirm it with the university if I could.

**Senator MACKAY**—Sure.

**CHAIR**—That is fine.

**Senator MACKAY**—I know this is very difficult, coming from a bureaucracy perspective, and I note that the chair has pushed you pretty hard on this, but, as a representative here of the state government, do you think this is a good package?

**Mr Stevens**—As you said, I cannot really answer that.

**Senator MACKAY**—It does not seem to be a very good package, based on your evidence, does it?

**Senator BARNETT**—It depends who you put the question to.

**Mr Stevens**—I would prefer not to respond.

**CHAIR**—That is fair enough.

**Senator MACKAY**—What is the state minister's view about the package?

**Mr Stevens**—I think it is probably best if she—

**Senator MACKAY**—Has she issued any press releases or anything with respect to it?

**Mr Stevens**—I do not know whether she has put out a press release about the package itself, but she has certainly put out a number of press releases about higher education, which we are more than happy to provide you with—or talk to the minister's office about providing you with.

**Senator MACKAY**—So you are not aware whether there is any specific press release on this package? This is a genuine question, Chair.

**CHAIR**—I know. I am anxious to protect the officers too. I pushed them pretty hard but I do appreciate—

**Senator MACKAY**—I think I am being moderate compared to you, to be honest.

**CHAIR**—I know. I am a softie at heart.

**Senator MACKAY**—If there are any press releases, perhaps you could forward them to the committee and the chair. The final thing is that the University of Tasmania this morning also indicated that they believe that the increase in the pool of full fee paying students, whilst not necessarily impacting on them directly, had in the past and may well in the future actually push out—for want of a better term—Tasmanians in terms of availability. Have you had discussions—

**Mr Stevens**—We have had no discussions with them on the displacement.

**Senator MACKAY**—Would you mind having a look at that for us?

**Mr Stevens**—Yes.

**Senator MACKAY**—Thank you.

**CHAIR**—Thank you very much, and I really appreciate the advice you have been able to give to the committee. Thank you for appearing.

[2.56 p.m.]

**ABBOTT, Mr David Jonathan, Vice President, General Staff, Tasmanian Division, National Tertiary Education Union**

**CHAPMAN, Mr Peter, Vice President, Tasmanian Division, National Tertiary Education Union**

**LINDLEY, Dr Margaret Victoria, Member, Tasmanian Division, National Tertiary Education Union**

**MICHAEL, Dr Kelvin John, President, Tasmanian Division, National Tertiary Education Union**

**WATTS, Mr Jeffrey Kenneth, President, Australian Maritime College Branch, Tasmanian Division, National Tertiary Education Union**

**ACTING CHAIR (Senator Crossin)**—Welcome. The subcommittee has before it your submission, which is numbered 450. Are there any changes or amendments that you want to make to that submission? I will take it that there are not; thank you. The subcommittee prefers all evidence to be given in public, although, if at any time you want to provide confidential evidence, you can request that we go in camera. I point out that any evidence taken in camera may subsequently be made public by order of the Senate. Do you wish to make a brief opening statement?

**Dr Lindley**—Most of us have something to say. Initially—I am sure that you have all read of this in various submissions—from the perspective of the NTEU, I would stress our concern, as unionists and as staff members at the university, at Tasmania's general issues regarding tertiary education. This state has Australia's highest level of unemployment, its lowest level of higher education attainment and its lowest level of participation in higher education. In fact, our participation rate at 11.3 per cent is only a little over half that of Victoria's. To match the national average, we would need 2,400 additional 16- to 24-year-olds participating in higher education.

The state—and we give credit particularly to the state government for this—is taking strenuous and successful steps towards improving the situation. Between 1996 and 2002, year 12 retention rates increased from 54.2 per cent to 75 per cent. That is a fairly spectacular and important improvement. However, in the same period there was a reduction of 650 undergraduate places available for Tasmanians at the University of Tasmania.

The university has some unique advantages. As the sole university in the state it is very well placed in terms of partnership with government and community, and it is developing this admirably. There is an esprit de corps with regard to the university and the community that you do not get in many places, and this is distinct from the internal feelings at the university; there is a good link with the community. But there are unique disadvantages. Hobart, Launceston and the north west are separate, individual places and unavoidable costs are associated with relating

between them, and I speak as someone who has been involved in plans to try and economise in this area. It seems to be difficult; there is a series of costs involved with whatever we try to do.

We have another problem: most companies and businesses are headquartered offshore, so the possibilities of private commercial benevolence or philanthropy are severely limited. The university is not in a strong position to impose fees above current HECS charges. Some 31.2 per cent of our students are from lower socioeconomic groups—this is Australia's third-highest figure—which is most unusual for the state university. This is not the situation in which universities like Melbourne, Western Australia and Adelaide find themselves. Also, 42.9 per cent of our students are from the rural and isolated sector. That percentage is also very high. A fall in our already very low participation rates would be extremely serious and I do not think it is exaggerating to say it would be possibly disastrous if these low rates fell. They are intimately associated with low rates of economic performance generally. If they fall further, as a state we will be in serious trouble.

The students we have in unusually large numbers are especially vulnerable to rises in the cost of education to the student. Students from lower socioeconomic groups and from rural and isolated areas tend to be the ones who drop out when the personal cost to them and to their families goes up. If they do not participate in higher education at all, they add to the number of economically disadvantaged people in this state, which we already have in higher than national proportions. The students that we are already losing to the mainland are often lost to Tasmania forever. This is not as simple as losing the best and brightest but it is along those lines—we lose some outstanding young Tasmanians. We need to retain the students that we have at the moment with a wide range of undergraduate courses. I know that the figure of 25 per cent for those students who in fact are leaving because they cannot find suitable courses here does not sound too horrendous, but it matters when you already have low rates.

Additionally, the university is recovering from what the Schedvin review described as 'dysfunctional levels of morale'. So there are internal problems—my colleague Mr Chapman will be speaking specifically about this—that are being addressed, particularly with the new administration and the new vice-chancellor. We are working towards building levels of trust that were shattered—'shattered' is not too dramatic a word—some years ago.

From the point of view of the NTU, along with most Tasmanians we wish to see increased participation rates, which means healthy and secure university funding. In particular it means being very sensitive to the fact that we do not have the resources to withstand large impositions of additional costs on students. We need to be very careful that the university is not required to search for funding at some later stage that it is not very well placed to obtain and that we do something about redressing the serious economic disadvantage in higher education.

**Mr Chapman**—I have a notorious document before me—Mr Dawkins's green paper on education from some time ago. In this document Mr Dawkins advised us that it was not appropriate for government to dictate internal management structures, although there should be a review of them. We have travelled a long way since then. My concern and that of many of my colleagues is about the breakdown in the autonomy of universities—the so-called fifth estate—and the breakdown in the idea of an academic institution which is meant to be independent of government and to pursue independent inquiry.

The fate which may have taken Australian universities is of intrusive and damaging policies pursued. It is a fate which took over Soviet Bolshevik universities when they were straitjacketed to think along certain economic and dictated lines to produce certain results, technically, for the loss of freedom of inquiry and speculation. My learned colleague was talking about the breakdown in morale in this university. I am sure it has happened in other universities. The reduction of the size of council is drastic here. This council had 30 members when we had one campus. The reduction in representation on that council was reduced in easy stages from 25 to 17. We have three campuses. There has been a reduction in the flow of information about what is going on in the university. The flow of appropriate information of what a university can be and how it should be defined has all been restricted.

At the same time the economic directives from government encourage people to be more pragmatic and you get a decline of academic core courses. We do not have a professor or a chair in classics and we are struggling to have a chair in physics. The heart of the academy, the heart of democracy—and I am sure you would know what the word ‘democracy’ means—is being struck at by pragmatic intrusive direction from the centre, be it Labor, Liberal or any other government; I overheard some of the discussion earlier. It is of real concern when you have your centres of liberty and intellectual inquiry and spirit, which have advanced Western civilisation, being assailed in the way that they are. It works all the way down through the university. Academics on the senate who form a professorial board no longer have serious power with or discussion on the allocation of budgets. Even down in the faculties we have now lost our academic and elective deans all in the direction of line management. If you adopt a management or business set of directions, structures and style, that is what you will get, but you will not have a university. It has a devastating effect on the morale of academics and intellectuals who come here in good faith to advance inquiry and social spirit. I will leave it there for the moment.

**Mr Watts**—In the context of the Australian Maritime College, I will make four quick points. We attempted to corporatise about 10 years ago, so we have a fair bit of experience in economic rationalism in university sector. I would just like to reinforce what the last two speakers have said. Firstly, the corporate culture and lack of collegiality that have developed have led to a lack of trust and a lowering of morale. There is only one way to motivate academics, taking into account the sorts of egos that are around, and that is to include them. You ignore that at an institution’s peril. Secondly, as Senator Mackay said earlier, the Australian Maritime College is unique in Australia in that it is a vertically integrated monotechnic and a lot of productivity is found to arise out of that structure. People can specialise in a discipline and then teach across a whole range or level of teaching and learning.

Thirdly, we have introduced AWAs. A good thing about our being a small institution is that we are fairly flexible and we have been dabbling with a number of things for a number of years. We have been dabbling with AWAs for a number of years and, in my view, the effect on productivity and quality in our institution has been negative. People tend to work like maniacs. There is only one way to get good teaching and learning, and that is with proper preparation. That is the first thing that falls off the table if people are worked in that way. The effect on the person’s home life is also devastating. A colleague of mine who is on an AWA travels interstate now probably 50 per cent of the time, and that is very unusual. There is an unfair expectation, I think, on working conditions.

My last point is that we should be wary about increasing the amount of money that students are required to pay for university qualifications. It looks fine on the face of it, in that the user pays and they have higher wages throughout their lives, but I think the community also benefits from that. On the ground, at the coalface, what really happens is that a lot of students then expect to be spoon-fed the information. That is one of the unexpected outcomes of an increase in the amount of money that students have to pay for their education. If they pay for something, they expect it to be delivered to their doorstep. Long term, I think that is a very damaging aspect for this sector.

**Senator CROSSIN**—Mr Watts, how many staff are at the Maritime College?

**Mr Watts**—There are 60 academic staff, matched by about 60 general staff.

**Senator CROSSIN**—How many of those would have taken up the option of an AWA—or did they have no option? Are they senior executive people on AWAs?

**Mr Watts**—Of managerial types there would be about 10 on AWAs, and that would be conditional upon them being put in that role to take up an AWA. Of academic staff there are only about half-a-dozen.

**Senator CROSSIN**—Where are you in your cycle of enterprise bargaining negotiations?

**Mr Watts**—We are just about to reach our heads of agreement in the third round. That is to try and circumvent five fairly major outstanding issues. So we are going to try and agree on the things we agree on and then develop the things we do not agree on out of session.

**Senator CROSSIN**—Has there been any discussion in the last four days about the impact of the minister's press release last Monday—his requirements by press release now—on what is going to be in your enterprise agreement?

**Mr Watts**—It will certainly require going back over some ground, I should think. Then again, because we are small, we went for the money early up, and we anticipated the requirement for us to make AWAs widely available. So I suppose that is why you see the Maritime College offering those to people in academic roles where there might not have been—

**Senator CROSSIN**—The requirements issued on Monday go further than just offering Australian workplace agreements.

**Mr Watts**—Do mean individual contracts?

**CHAIR**—AWAs.

**Senator CROSSIN**—It goes much further than AWAs. It goes to the involvement of the union in grievance and dispute procedures. It talks about not putting a limit on the casualisation of staff. It talks about not having conditions that are over and above the normal arrangements, particularly with redundancy or maternity leave.

**Mr Watts**—We have had experience in that. One of the first things that the organisation did when they attempted to corporatise—clumsily, I might add—was to casualise the staff. We are still paying for that. It takes probably three years for someone to become a good teacher, and here we were having a turnover of people every two years. Apart from that—which goes to my first point—if you tie the hands of the staff in determining the future of the college and managing the college, it will not work. You just cannot mandate academics. You have to be really careful mandating a lot of those sorts of things.

**Senator CROSSIN**—Dr Michael, where is the University of Tasmania enterprise bargaining round at?

**Dr Michael**—We are having separate bargaining for academic and general staff. The bargaining for the academic staff is slightly more advanced. In fact, we had an enterprise bargaining meeting on Tuesday, this week, in which we were able to note but not discuss at any great length the implications of Monday's press release. In terms of its progress, the bargaining is still in the relatively early stages. We have no broad agreement on a large range of issues at the moment. In terms of the general staff—and Mr Abbott can jump in here—bargaining has recently commenced. In a sense, some of the issues that will be bargained with academic staff may flow on to the general staff, and vice versa.

**Mr Abbott**—We have had essentially one meeting with management in which they responded to some of the issues that we had put in our logs of claim. The other unions only tabled their log at that meeting, and so it is very early stages.

**CHAIR**—The last VC, as I recall, attempted to organise a non-union EBA. Is that right?

**Mr Abbott**—Yes. It was defeated two to one by the staff.

**CHAIR**—Was there industrial disruption?

**Mr Abbott**—A huge disappointment.

**Dr Lindley**—And a legacy of considerable bitterness and unpleasantness. In the Schedvin review there were descriptions of a high level of distrust and that the distrust was unusually widely spread. They were aware of the fact that, in universities, the nature of academics is that they will become stropy; but they were satisfied that this was considerably beyond the normal level of grumbling, that there was a serious level of dissatisfaction. I think there is a remarkable level of goodwill on the part of the staff members, a willingness to have a good relationship and to start over again, but it is delicate and there are a lot of bruised feelings and memories.

**CHAIR**—That is the point, isn't it. These proposed changes may well lead to a very provocative, confrontationist model.

**Dr Lindley**—That is the fear.

**Mr Abbott**—That is our main fear, in fact. There is a significant contrast in the style of the two vice-chancellors. The last one, in our view, was encouraged by the provisions of the Workplace Relations Act, particularly the possibility of non-union agreements, to go for a fairly



draconian attempt to sideline the unions. This was not popular with staff, which we thought was a very significant result. All staff voted in the process. The present vice-chancellor, whom we really quite like, has committed to a much friendlier approach and attitude to staff relations, and we want to foster that. We are fearful that we will be plunged back into the kind of adversarial, confrontational period that we had with the previous vice-chancellor by these measures; the present vice-chancellor may have no choice if some of the provisions go through but to do that.

**Mr Chapman**—One of the most distasteful aspects of this is the way the government attempts to bribe, bully or induce a university administration to go along a certain road. We all made critical remarks about the previous vice-chancellor, not least I, but vice-chancellors are put in the position of being offered extra money if they reduce the size of council, undertake workplace reform and so forth. This degrades the institution and the standing of the university. University academics are meant to be intellectuals and relatively wise people. When they are seen to be bullied or bribed by government to adopt courses which everyone knows they do not consider appropriate, it damages both the university and the government, and it degrades relations between the university and the government. It is a sort of bribery—'You can continue if you like, but you'll be \$400 million worse off'—and if a professor or vice-chancellor says, 'I've got my staff to think of, so I'd better accept the \$400 million,' what does that look like to the rest of the community? Here is a man of standing and of high salary pursuing a course which it is clear he knows is not really the best course because he is bribed and bullied by a government with narrow ideological or economic aims, whether that government be from the Right or Left. This is the most degrading and distressing thing about what is happening in Australia, in my view.

**Senator CROSSIN**—Let me follow up on that. This is a federal government that has been known to not only get involved in industrial disputes but provoke industrial disputes—for example, in the maritime industry. Your vice-chancellor today made a very good analogy, I think, about that dispute. In the maritime industry, the outcomes and the outputs can be the amount of cargo you off-load from a ship but in a university they are intellectual capital, basically. The measure of the value of the university is in the staff it employs. How appropriate then do you believe this approach by the federal government is? Is your vice-chancellor inclined to accept this bribery—as you put it, Mr Chapman—or do you feel that he has no choice?

**Mr Chapman**—The answer to your question is that it is totally inappropriate. If you approached the courts and said to justices, 'You've got to process so many cases, get so many convictions a day and so forth,' there would be outrage. The independence of a university is not being respected as it should be. Our present vice-chancellor seems to be a wise man, and at the present juncture I feel he may well assert the proper academic independence which an academic leader should. We certainly hope so. Of course, he has only been here a short time. If he does not, then we will see a man of some wisdom and humour being subjected to intolerable pressures by government to accept options which are unattractive and wrong because he feels he has to have the money to protect his staff. This is a gross situation; you want to have a truly independent intellectual community.

**Mr Watts**—I would also like to comment. A lot of the effects of these bribes, as you have called them, are long term and hidden. You cannot see them for many years. It takes years for them to surface, and by then the incumbent minister will be out of the picture—so there will be no cost to him.

**Senator BARNETT**—Mr Watts, thanks for your presentation. I will ask a question of you first. I was wondering about your reflection on Dr Lindley's representations of the morale and the submission that has been put that it is demonstrably low. I think Dr Lindley used the phrase 'shattered morale'. Can you give us a response from the AMC's perspective. You mentioned the last four years since the new regime came in. Are you at a similar level? Are you on the improve? Are you on the down? Where are things at in regard to the AMC? I am particularly interested as a resident of Launceston and a big supporter of the AMC and the work that it does.

**Mr Watts**—We have had a review of the management, an AUQA audit and a third review. In terms of the university submission, arising from the review into management, there was a great deal of evidence supplied to consultants that we engaged. They did a climate survey of all the staff which was really in depth, and there was very clear evidence of a lack of trust in the upper management of the college. Morale was fairly low. There were comments like, 'The college operates on the goodwill of the staff,' and those sorts of things. We have very clear evidence along the same lines.

**Senator BARNETT**—But we heard a view that perhaps morale is now improving: there is a level of trust; the new VC is having a good influence. What is the situation at the AMC? I am trying to get a feel for whether things are improving, the same or getting worse?

**Mr Watts**—The college council has been very proactive lately. They have established a number of forums, task forces, to re-engage the staff in the running of the place. It is early days, but that is a good start. I suppose swinging the pendulum back to that collegiate management style has been a good start.

**Dr Lindley**—We find not so much that trust has been re-established—I do not think it is re-established that quickly—but a willingness to give it a go again is probably the best way of putting it, saying, 'He's new; Let's take a deep breath and try to move forward from this,' because it was becoming for many people an extremely unpleasant situation.

**Senator BARNETT**—I say I am a graduate of the University of Tasmania and very proud of that university and its reputation, and indeed I am a big supporter of the AMC. But the AMC management have also had a good reputation and credibility. They have some great runs on the board and a very good future too, I think. Are you hopeful about the future for the AMC in terms of its credibility and reputation?

**Mr Watts**—Yes, it is my job! I think it is a great institution. I love working there. It is a great institution. It is unique in many ways. As I said earlier, the staff—management and academics included—all want the same thing: they all want the place to operate. It just gets a bit uncomfortable working there. I suppose that is a bit of a drain after a while.

**Senator BARNETT**—You put some views earlier. You were not supportive of the AWAs and the regime in terms of the use of the AWAs, but it seems it has not adversely impacted the outputs in terms of the outcomes and the productivity and the credibility of the institution.

**Mr Watts**—We have only had AWAs for academics for eight months or so. I think that bird is yet to roost.

**Senator BARNETT**—So you will reserve judgment on that.

**Mr Watts**—Yes.

**Senator NETTLE**—I do not know to whom this question is, but I wanted to ask about governance issues. I noticed in your submission you talk about the reduction in the size of the council at the University of Tasmania. Being in the unique situation, I suppose, of having the experience of having your governance body reduced, what have been the implications for that, particularly in terms of the staff and student representatives who are no longer on the council? Can you give us some insights into that?

**Mr Chapman**—Into the effects? The reactions were of incredulity. We were encouraged to amalgamate—and again there was a good deal of division about that to begin with—in the hope that we would be a bigger, stronger national institution. Incredulity was the reaction when it was discovered that the council, which was 30, was to be for two campuses, to have greater responsibilities and to be reduced—which it was, first to 24 and now to 17. The academic or intellectual input, if you want to put it that way, was necessarily reduced too. On the top of it, logic would say, ‘The proportions are about the same.’ But you now have two campuses to represent, a larger range of disciplines to represent, a larger number of people with vested interests—both north and south—who feel threatened and who want to protect things, and fewer people to speak about them, fewer people to put the message through.

At the same time the act was changed, the professorial boards that control the academic budget were stripped of that power. It was allocated to appointed committees, so the academic input from the middle was drastically reduced and representation at the top was reduced. So it had a profoundly disturbing effect on morale. Indeed, when it came to the last episode to reduce the university council from 24 to 17, we were advised at very short notice. This provoked a shock wave through the university, mass meetings of the NTEU and a vote of no confidence in the vice-chancellor’s administration and the administration of the University of Tasmania, because it was not seen to be concerned with the aspirations, input, advice and wisdom of academic staff.

This is not just to bag the previous vice-chancellor, which is a particular sport at the moment. This was brought about by the government pressuring the universities and pressuring a particular vice-chancellor—who is a fairly distinguished professor of psychology—into pursuing this track. This was pursued in this university and it was pursued in other universities. The same sort of collapse in morale and degradation of relations between government and academics will continue.

On the other hand, if you turn it around, this university might get better and other universities might get better. If you reverse this deplorable trend in governments, you might have brighter and better universities in this part of the world. Managing the economies of universities is not an appropriate thing for government. They have to have a degree of autonomy.

**Dr Lindley**—When you suggest to academics that they are not capable of participating intelligently in any body, they tend to get very annoyed. If academics are marked by particular things, it is a high degree of independence and also pride—perhaps excessive pride—in the quality of their brains. So if somebody suggests that they do not want academics to give their

input to and opinions on the management of their own institution—and, historically, for centuries literally the universities have been our institutions—and if you suggest that they are not fit to have their views taken seriously, academics get very indignant indeed. At the last set of proposals that Peter referred to, there was uproar amongst academics. Not only did they give a vote of no confidence; they inundated the administration with angry letters about what they deemed to be insulting.

**Mr Chapman**—There is totalitarianism. There was a myth put about that universities were not managing themselves well before 1997 and 1998. If you look at the achievement of ARC grants for publications in the continuing department, it has not changed very much. There was a movement by government to try to capitalise intellectual resources—almost in a Soviet bloc way—without looking at what we had and straitjacketing universities in certain directions. They have already lost much of value, and they look like losing more. Universities here and in America, Britain, Germany, France and so forth provide a vanguard of advance on the Western world. In chasing the goose that lays the golden egg, the government is in great danger of constricting that layer of golden eggs and destroying it.

**Senator NETTLE**—The premise within the governance protocols in this legislation is that the reduction of boards to a certain number—and the number has been chosen and is in the legislation—will improve their management capacity in terms of running universities. What response do you have to that premise behind the legislation, based on your experience with the University of Tasmania council size?

**Mr Chapman**—You will make decisions quicker, but you will not make better or wiser decisions. As a case in point, an albatross that hangs around the neck of this university is the fate of the department of Italian—abolished long ago. We had a talented leader in that department who was recognised in the university report. He got a promise of a \$700,000 grant for Literae from the Italian government, but the guidelines of the university and its categories had been set and the reduced council made an extraordinary decision, and the faculties of university supported it. In my view, and of course I am partisan, I do not think it was well advised. The vote went through council 10-7, with three abstentions. I would argue that in a wider council that would not have happened, but the advice was not there. The result was that a lectureship, an extraordinary thing, which was offered to this university went outside Australia to New Zealand. That is, in my view, a case where the governance of the University of Tasmania failed. That was a number of years ago now and it has got worse since.

**Mr Abbott**—Can I add, as an ex-member of the university council for a year as a general staff member, that the number of general staff positions has been reduced from two to one. We have one person representing approximately 1,200 staff now. The number of academic staff positions was reduced from five to three, which is, fortunately, slightly better. There are a number of subtleties, however, which are not immediately apparent. The reduction in the size was associated with a quite large amount of delegation of authority from the council to committees and individuals, which in our view further reduced the input of staff, because the staff were rarely included on the membership of those committees. At the same time we believe there was a certain closing down of the lines of communication within the university. There used to be a fairly reasonable, free-flowing interaction of views. The main organ for dissemination of news in the university, the university newsletter *UniTas*, has to my knowledge published no letters from staff in the last couple of years—as it used to—saying, ‘We’d like to comment on this or that.’

One of our members, who is in fact also a member of university council, submitted a letter about nine months ago and it was not published, yet it was on a legitimate aspect of university policy.

Those sorts of subtleties underlying the reduction in size are not immediately apparent in the simple reduction in size. We are hopeful that under the new vice-chancellor they may be freed up again, but we have no evidence of that at the moment. We feel that this insistence on size is going to produce a similar effect at other universities. We are in the comfortable position that we are under the number by one, so we do not have to worry in that respect, but on balance we do not think it has been a good thing.

**Dr Lindley**—It has certainly not helped the issue of trust, and it has added to the alienation.

**Senator NETTLE**—I have one final question which, again, relates to the government's protocols. There is a suggestion in the legislation that people on the council, be they general or academic staff, should not act through sectoral interest. In making decisions of the university council, they should act on the basis of the good of the whole of the university, rather than act as representatives of general staff or academics. Can I get a comment from you on that particular premise in the legislation?

**Mr Abbott**—Obviously any member of university council must consider the interests of the university. It is the ultimate governance body.

**CHAIR**—That has always been the law, too.

**Mr Abbott**—That is right, and I understand all that. I found it personally insulting when I was told, when I assumed office on the university council, that I must be very careful about the fact that I was a unionist as well, almost as if I could not wear two hats. I was actually cheeky enough to put it to the vice-chancellor at the time, who was the Vice-President of the AHEIA, that perhaps that applied to him too. He insisted that it did not; it only applied to unionists. It is perfectly possible to keep the interests of the university at heart. It is a separate question, which is probably too large for the present discussion, as to what 'the university' means in those terms. Certainly, I always attempted to look at the interests of the university as a whole. I never took a particular line, and I never mentioned the NTEU. I never talked about policy in those terms. I think it is condescending to suggest that staff cannot contribute. Staff have a great deal to contribute. They know the university and the way it operates very intimately—they know the subtleties of the way the university operates—and they have a legitimate role on the governing body. But it has been shrunk over the years.

**Dr Lindley**—It should be pointed out that the staff are the only ones who really know what the students say and think.

**Mr Abbott**—That is right.

**Dr Lindley**—They tell us, the general and academic staff.

**Mr Chapman**—You could only ask this question in the present, depressing environment. With a properly sized council it would not become an issue, because you would have a reasonable spectrum of representatives from science, languages and humanities who would both

think of the university and bring informed advice to those lay members of council on what was happening in different parts of the university. When you reduce the council to its present, unfortunate size, there is a real question about what they are representing. That you ask such a question is a consequence of the damage that has already been done.

**Senator NETTLE**—Can I put on the record that I would not want you to think the premise behind my question was that I supported what was proposed in the legislation.

**Mr Chapman**—I understand that, but I will say it is a fact.

**Senator MACKAY**—Mr Watts, I am interested in how, from a staff association perspective, the AMC may cope with one-third of its funding being lopped.

**Mr Watts**—It would be devastating. We are a small institution. We have not got the ability to move funds and resources around. We have visa difficulties with students from South Asia—they cannot get into the country unless they post a \$20,000 bond—and that is a large market for maritime studies. We have got huge infrastructure. I do not know if anyone here owns a boat, but they cost a lot of money. It could be devastating for the institution. Even more sadly, given that northern Tasmania has one of the highest rates, or probably the highest rate, of youth unemployment in Australia, the resources going out of that economy are terrible. Furthermore, a lot of our students are mature age and they will be disproportionately disadvantaged by HECS.

**Senator MACKAY**—Is the AMC going to be able to continue with one-third of its funding gone?

**Mr Watts**—No doubt, but in what form? What are you going to do—simulate boating or something like that?

**Senator MACKAY**—Precisely. So how will it continue with a one-third funding cut?

**Mr Watts**—Lamington stalls perhaps.

**Senator MACKAY**—There has been an idea floated about amalgamation with the University of Tasmania. What is the staff association's view on that?

**Mr Watts**—Variable. I can give you my view. In my view it would drive away the industry stakeholders that we were set up to serve. We would be competing against the large sandstone universities for, say, marine science, management logistics training and those sorts of things. I do not think we would ever be granted university status. We would become a branch or a centre of the University of Tasmania, I would think. I think it was folly to even consider that as an option.

**Senator MACKAY**—The submission that was received from the principal, Dr Otway, seemed to be very supportive of the legislation. What is your view about the submission that he put in?

**Mr Watts**—I can only assume that he is negotiating the level of funding.

**Senator MACKAY**—Maybe he was when he put the submission in.

**Mr Watts**—That is right. I have read any number of submissions, and they say the legislation is light on detail at the moment, so I can only put it down to that.

**Senator MACKAY**—Do you agree with his submission?

**Mr Watts**—As far as a regional centre for higher education goes, as far as an institution that specialises in, say, engineering sciences and that sort of thing, we probably would not do too badly out of the funding model.

**Senator MACKAY**—You are going to lose one-third of your funding.

**Mr Watts**—Except for that!

**Senator MACKAY**—Except for the critical point of losing one-third of your funding, yes.

**Senator BARNETT**—It depends if you actually agree with that allegation regarding the one-third of funding. I do not know if you are aware of other views—about no cut in funding—which have been expressed by Brendan Nelson.

**CHAIR**—Mr Watts, I can give you a desk document here. I asked a question at Senate estimates—

**Senator BARNETT**—These are allegations and I am just drawing that to the chairman's attention.

**CHAIR**—No, this is not an allegation.

**Senator CROSSIN**—It is a fact.

**CHAIR**—The department of education has given us these figures of \$10.2 million. The minister also said that there would be no-one worse off, but then they had to find an additional sum of money to take it up to \$38 million, because the original costings were only \$12 million. So they made some fundamental errors there. Furthermore, he has just announced further enhancements. There is no money for those enhancements. They are all budget neutral, so that has got to come from somewhere. Furthermore, we have advice now that three additional universities are going to draw upon the \$122 million regional funding pool, which means—and we have had the evidence today—that the University of Tasmania will have to have a reduction of \$400,000. This is the nature of these inquiries. Our job is to find out what is going on. We get information from a range of sources. I assert to you that the figure I have quoted is a Commonwealth department figure. It is not something I have made up.

**Mr Watts**—If that is the case, I would plead with the committee not to let that happen, because we would just be unviable.

**Mr Abbott**—It would be a disaster.

**CHAIR**—Thank you very much for your attendance today. I apologise that I had to duck out, but there were circumstances beyond my control.

