

## **Supplementary Questions Hearing – 7 September 2020**

1. **With the impending return of international students after COVID, will the university be:**
  - (a) **adopting a different approach to financial risk management and, if so, what will that approach be?**
  - (b) **capping foreign student numbers either overall or in certain courses?**
  - (c) **going back to its previous open door policy on foreign student numbers, with no change?**
  - (d) **adopting a different approach to Chinese student numbers in light of concerns about Chinese political interference in Australia, and the deteriorating diplomatic relationship between the two countries? If so, what will the new approach be?**

### **Response – questions 1, 7:**

UNSW has a proud history of encouraging international students to study with us, even before the original Colombo Plan of the 1950s.

International education is Australia's fourth largest export, making a \$41 billion contribution to our annual GDP. It is also NSW's second largest export industry.

Modelling from Deloitte Access Economics (cited by Universities Australia) shows that international students support Australian jobs – about 127,000 jobs – through their spending on accommodation, retail, hospitality, tourism and related industries while they're in Australia.

International education builds regional relationships and fosters better social, cultural and economic forms of engagement with our neighbours. It is also critical to Australia's soft power diplomacy, as graduates rise to positions of leadership in their home countries.

UNSW is pleased to have worked with the Premier over the course of the COVID-19 pandemic towards a pilot program for bringing international students back to Australia in a COVID-19-safe way, at the earliest opportunity. We look forward to resuming these discussions at an appropriate time.

UNSW has continued to experience strong year-on-year growth from several countries including China, India and Indonesia in undergraduate and postgraduate research courses in 2018 and 2019.

In 2019, UNSW educated 24,852 international students from 137 countries.

We have close to 3,000 students from the ASEAN economic region and this cohort is our second largest after students from China. Our number of students from India increased six-fold between 2015 and 2020.

We devote our efforts to attracting students from a wide range of countries, including China. However, as the largest country in the world, with a significant middle class eager for a world-class university education, there are more Chinese students looking to study here than from anywhere else.

Applications for Term 3 in 2019 were strong and represent significant year-on-year growth from international markets, including China.

International students have been attending UNSW for decades and demand for an Australian university education had been strong before COVID-19.

This is due to a range of factors, including Australia's global reputation for academic excellence, rising incomes across the Indo-Pacific Region and continued investment of cultural capital in education among the region's middle class.

UNSW, along with all other universities, had been responding to this demand.

International students have a positive economic impact for the university and for the NSW economy. They are also an integral part of the rich, vibrant UNSW community.

They have a wider social and cultural impact by developing diplomatic ties internationally, supporting Australia's soft power profile and promoting Australia's values to the world.

As has been reported in recent months, universities' encouragement of international students has been part of our sound financial plan to create revenue streams to operate modern, competitive higher-education institutions.

For many years UNSW has conducted quarterly risk assessments on international student recruitment levels, based on financial and other factors. We consider not only the risk of geopolitical or economic events, but the natural peaks and troughs of international student markets.

It should be noted that a wide range of organisations and sectors did not anticipate an event as dramatic and with such immediate impact as COVID-19.

We are planning for multiple scenarios regarding the return of international students to study, in Australia or online. This is part of good financial management in a sophisticated organisation that operates in a global marketplace.

Indicators about the return of international students to study in Australia are positive. Our world-class universities and Australian government's response to COVID-19 stand us in good stead for international education to recover.

**In his submission to the inquiry, Dr Salvatore Babones wrote that:**

**An unknown and presumably large number of Chinese and other international students enter Australian universities through their foundation programs. These typically require very low IELTS scores for admission...<sup>1</sup>**

**Thereafter, the students find their way into university courses without re-sitting the IELTS.**

- 2. What type and how many foundation programs does your university run?**
- 3. How many overseas students have been involved for each of the past 3 years, and which countries did they come from?**
- 4. What was the minimum IELTS score?**
- 5. How many of these Foundation overseas students were ultimately admitted to university courses (last 3 years please)?**

**Responses – 2 to 5:**

The UNSW Foundation Studies Programs are available in four academic programs over 10 streams of study. The duration of our programs ranges from four to 15 months based on a student's academic and English language background. The following table details these programs.

<b>Program</b>	<b>Duration</b>	<b>CRICOS</b>	<b>Streams</b>
Extended Foundation Studies	15 months	095626B	Arts & Social Science, Commerce, Commerce Actuarial Studies, Design and Physical & Life Science
Standard Plus Foundation Studies	12 months	019277D	Arts & Social Science, Commerce, Commerce Actuarial Studies, Design and Physical & Life Science
Standard Foundation Studies	9 months	000725G	Arts & Social Science, Commerce, Commerce Actuarial Studies, Design and Physical & Life Science
Transition Foundation Studies	4 months	060623E	Commerce, Commerce Actuarial, Life Science, Physical Science, Design & Architecture

The UNSW Foundation Studies Programs are delivered by UNSW Global – a not-for-profit, wholly-owned enterprise of UNSW Sydney, and a leader in global education and training for more than 50 years. The program commenced in 1989. It was Australia's first foundation program and one of the first internationally, it provides students with pathways to all diplomas and bachelor degree programs at UNSW. More than 30,000 students from over 70 countries have completed the program, enjoying success at university and in their careers. Over the past three years, the number of overseas students enrolled in Foundation Programs has been 3018 in 2018, 2657 in 2019, and 1648 this year (noting that the 2020 figure does not include intakes that have not yet commenced or reached census date). Students have come from a range of countries including China, South Korea, USA, Portugal, Sri Lanka, Bangladesh, New Zealand and across the ASEAN region.

The UNSW Foundation Studies Programs are designed to build students' academic and study skills while enhancing English proficiency to enable a smooth transition into university study. There are 4.5 to 16 hours per week of Academic English embedded in the Foundation Studies curriculum depending on the stream being studied. In addition to formal studies in Academic English, all students receive practical training in social and cultural English. The Communication for Success course develops competence and confidence in communicating and networking within a university learning community. Over the last three years the number of Foundation Studies graduates enrolled at UNSW have been 1186 in 2018, 1118 in 2019, while 2020 figures have not yet been finalised. It should be noted that the UNSW Foundation Studies program is accepted by all Australian universities, and we do not have full visibility of enrolments at other institutions.

The programs were developed in collaboration with the Quality and Assessment Review Consultants from UNSW Faculties to ensure the courses focus on the most important knowledge, skills and academic practices to prepare students well for university studies. At UNSW a minimum GPA for direct entry to an undergraduate program is 6.9.

The UNSW Foundation Studies programs are offered in Australia at our campus at UNSW Sydney and in partnership with St Paul's International Boarding College New South Wales, as well as at our network of 12 Global Campuses in China and Indonesia. The Global Campuses allow students the flexibility of choosing a suitable study location which meets their needs. Students enrolled at any

campuses must meet the same academic and English requirements. To ensure the quality of the programs delivered offshore, all campuses must meet strict criteria set by UNSW Global, which included specific campus facilities and teaching requirements. All teachers employed at the offshore campuses must meet official requirements and provide certified evidence of their qualification and work experience. Teachers are fully inducted and trained by UNSW professionals to ensure students receive a high-quality teaching and learning experience. All assessments taken by students at offshore campuses are marked in Sydney. UNSW Global has been teaching at offshore campuses for over twenty years.

- 6. Universities are significant economic hubs, due to their physical presence. Have you done any modelling on job losses on campus - not academics, or professional staff, but in the retail, food and other outlets? I understand they often aren't run by the university, but they are almost solely reliant on them.**

**Response:**

UNSW is deeply concerned by the impact of COVID-19 on our entire community, including students, staff and our partners including campus retailers and outlets. While we regularly engage with retail, food and other outlets, we have not done any modelling on how they have been impacted.

- 7. What efforts have you made to diversify the make-up of your university's international students in recent years?**

**Response:**

See answer to question 1.

- 8. Have you piloted or introduced any innovative ways to support online learning either here or overseas as a result of the COVID-19 pandemic? For example, learning hubs.**

**Response:**

UNSW has delivered classes online in Terms 1 and 2 and will continue to deliver online classes with some face-to-face teaching and learning in Term 3.

As part of online learning, lectures were recorded and uploaded to our learning platform. Tutorials and practical exercises were conducted over Zoom or Microsoft Teams. Some lab research was conducted remotely or paused. Assessments were conducted online.

During the period of online learning, some of our faculties and schools have demonstrated innovation. For example, a team from the School of Electrical Engineering and Telecommunications have devised a way, using Microsoft Teams, to replicate the lab experience, so that it closely resembled what students would have experienced on campus.

We have also accelerated plans to provide a high-quality digital assessment experience that can assess learning and skills and does not involve online proctoring. As part of these plans, we are trialling the 'Inspera' online assessment platform in several courses in Terms 2 and 3.

Additionally, in response to the Federal Government's initiative, UNSW has offered students eight new short-courses during the COVID-19 pandemic. The courses span areas from Education, Infectious Diseases Intelligence and Space Operations.

UNSW is preparing to offer tailored, flexible 'lifelong learning' for students of all ages – as a trusted and respected provider of high-quality education. We intend to provide blended, modular courses that broaden the options for study at UNSW from degrees alone to a range of educational experiences, including microcredentials. Our lifelong learning will be innovative and ambitious, yet uniquely personal and responsive, offering learners “the right learning for right now” and a partnership that accompanies them throughout their learning life or career.

- 9. WSU has recommended a conditional waiver of payroll tax for NSW universities. Would you support a waiver? What conditions would you support being attached to this waiver?**

**Response:**

Noting the financial strain faced across the higher education sector at present, UNSW would support a payroll tax waiver for NSW universities. Any conditions attached to a waiver would need to be the subject of discussions between universities and the NSW Government.

- 10. Have you been invited or participated in any NSW government trade delegations in the past five years? Could you please provide a list of any delegations you have participated in?**

**Response:**

UNSW staff have participated in government trade delegations in the past. The last trade delegation we participated in was in 2016 as part of a NSW trade delegation to Israel led by then Premier Baird. Prior to that, we joined the NSW trade delegation to India in 2014 led by then Premier O'Farrell. UNSW staff also participated in the 26th NSW-Guangdong Joint Economic Meeting (JEM) in 2017.

- 11. What is the current amount in your reserve fund/general reserve fund?**
- 12. What is the stated purpose of your reserve fund/general reserve fund? Where is this stated?**
- 13. How much of the money in reserve has restrictions on how it can be spent?**
- 14. When was the last time you drew upon your reserve/general reserve? How much did you draw upon and for what purpose? When would you usually draw upon your reserves?**
- 15. Is your general reserve more valuable than the total deficit you expect to achieve in the next five years due to COVID-19? How much more valuable?**
- 16. Do you plan to draw upon your reserve/general reserve in order to cover some or all of your total deficit over the next five years? If so, how much do you plan to draw upon? If not, why are you not planning to use your reserve/general reserve to cover some or all of your deficit?**

- 17. What measures do you plan to take to cover your losses in revenue due to COVID-19, and why have you chosen those measures rather than choosing to draw upon your reserves/general reserves?**
- 18. What proportion of job cuts at your institution are estimated to be a result of a drop in student enrolments?**
- 19. How many highly paid executive staff will be made redundant in your institution?**
- 20. Will they be offered voluntary redundancies?**

**Response – questions 11 to 20:**

UNSW, like other universities and other businesses, had built a substantial contingency fund to manage financial risks. This contingency has been used to ease the impact on our operations in 2020, including the impact on our students.

However, the onset of COVID-19 has been of a scale that nobody could have forecast, and its impact is set to be felt over a number of years. Following the onset of the pandemic, we have acted swiftly to ensure UNSW is well prepared for the long-term. This includes significant non-staff savings measures, such as IT infrastructure costs, pausing capital works, reducing travel, reducing subscriptions, reducing consumables purchased, unfilled staff vacancies and expenditure associated with our 2025 Strategy. Regrettably, these measures and the contingency are insufficient to cover our forecast losses for 2021 and beyond, and job losses have been necessary.

The reorganisation of our university has been specifically designed to ensure that UNSW is able to remain strong into the future. The changes in the faculties and divisions will achieve efficiencies in the size of the Senior Leadership Team. The number of Deans, Deputy Vice-Chancellors and Vice-Presidents will be reduced by 25 per cent from 16 to 12, with the loss of two Dean and two Vice President roles. While the reorganisation will include voluntary redundancies as well as discontinued positions, the process has not yet been finalised and therefore the exact details are not yet available.

- 21. How have your sources of corporate funding been affected by COVID?**
- 22. To what extent have your other sources of funding been affected - reduced or increased, and by how much?**

**Response – questions 21 to 22:**

Since the start of the COVID-19 pandemic, a number of revenue streams have been impacted to varying degrees.

Apart from international student fees, the main sources of funding which have reduced as at the end of August compared to the same period last year are investment earnings (\$34 million), student accommodation (\$10 million), non-research grants (\$9 million) and miscellaneous other revenue (\$12 million) from sources like property rental, parking, catering or childcare.

Research grants, largely funded by the Commonwealth Government, have increased to date by \$26 million, driven by increased application success rates over recent periods. Fundraising and donations are slightly up by \$2 million, owing to the pipeline of pledges, although with the expectation this will start to reduce. Corporate revenue from knowledge exchange activities such as

contract and collaborative research was up by \$5 million to the end of June 2020, when compared to the same period last year.

- 23. What restrictions exist on funding – for what amounts, from what sources and what are those restrictions?**
- (a) Please provide a breakdown of aggregate funding from all sources for the previous three years and forward estimates for the next three years including:**
  - (b) government funding,**
  - (c) corporate donations,**
  - (d) bequests,**
  - (e) commercial activities carried out by the University,**
  - (f) student fees - both domestic and overseas,**
  - (g) academic grants (provide sources), and**
  - (h) all others.**

**Response:**

There are three major categories of Restricted Funding:

- Externally Funded Research Grants and Contracts
- Other Research Funds
- Other Restricted including beneficial and endowment funds

External Research Grants and Contracts are competitive and non-competitive research funding from government (Commonwealth, State and Local), industry and private sources. The granting body or sponsor providing the funding will indicate the manner in which these funds are to be spent and any special conditions and reporting requirements.

Other Research Funds are used for research and restricted by UNSW procedures and policies. Examples include funding allocated for new research equipment, funding to match annual contributions to research projects that have partly secured the required funding from external sponsors, and funding provided to cover the Enterprise Bargaining (EB) salary gap for holders of external fellowships where the fellowships do not provide sufficient funding to fully cover the salary.

Other Restricted Funds includes Beneficial and Endowment revenues (subject to conditions mutually agreed with the donor or granting body in relation to the purpose for which funds can be spent) and funding from a range of government bodies for non-research activities and initiatives to support specific cohorts or areas. Examples are Higher Education Participation and Partnerships Program (HEPPP) grants, Australia Awards (scholarships and fellowships) or the Indigenous Student Success Program.

The combined value of the above restricted revenue streams amount to:

2017	2018	2019	2020
Actual	Actual	Actual	Forecast

\$441m	\$463m	\$544m	\$519m
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Note: The 2020 Forecast number excludes the impact for the 1<sup>st</sup> time adoption of AASB15 (revenue recognition).

### **Questions on notice**

- 1. What proportion of the staff are on fixed-term contracts? Obviously that is the other element of insecure employment. You have given us casual employment and you say 5,846 of 7,200 are on casual. What about fixed-term? How many staff do you have on fixed-term contracts?**

#### **Response:**

UNSW's Full-Time Equivalent (FTE) staff numbers (including staff funded through external funds) are as follows:

Continuing (including convertible tenure track) – 3,983.9 (50.9%)

Fixed-term – 2,606.6 (33.3%)

Casual (based on 2019 actuals) – 1,240 (15.8%)

- 2. This is perhaps a question to each of you. I have spoken to many academics on fixed-term contracts whose contractual term ends at the end of the academic year and then they get a fresh fixed-term contract that commences at the beginning of the next academic year, as a result of which they get no paid leave. Would you be aware of that as a concern amongst your academic staff: the use of fixed-term contracts that run for the academic year and then end at the academic year, with no leave, and then recommence in the new academic year? Are any of you aware of those concerns?**

#### **Response:**

This is not consistent with UNSW's usual practice. When fixed-term employment is to be offered in the following year, UNSW's usual approach is to roll over the contract without any break in service. We are not aware of any staff members raising this type of issue with the University.