

Budget Estimates 2024-2025 Portfolio Committee No. 3 - Education

Answers to supplementary questions – Macquarie University

Hearing: Monday 10 March 2025.

Answers due by: 5pm Friday 4 April 2025

Submitted by email: BudgetEstimates@parliament.nsw.gov.au.

	Question	Response
1	<p>How much debt does Macquarie University, and its associated entities, hold?</p> <p>(a) For what purposes was this debt incurred?</p> <p>(b) For debt incurred for capital expenditure, how is the return on investment calculated?</p>	<p>Macquarie University's outstanding Net Debt as at 28 February 2025 was \$679 million, comprising \$650 million bonds and \$135 million in drawn bank debt facilities, offset by \$106 million in bank deposits.</p> <p>(b) Debt has primarily been incurred to accelerate capital investment in the University's seriously aging physical and digital infrastructure.</p> <p>(b) All major capital projects are supported by an assessment of the impact on the University, both quantitative (e.g. impact on financial position), and qualitative (e.g. impact on student and/or staff experience, reputation / renown).</p> <p>The University borrows or issues long-term debt to acquire or build infrastructure which supports the strategic aims of the University, and is expected either to:</p> <ul style="list-style-type: none">• deliver incremental income that generates an acceptable rate of return; or• support the University in maintaining or improving its position within the Higher Education sector.
2	<p>What is the calculated ROI for the establishment of Macquarie Hospital?</p>	<p>Macquarie University Hospital is an integral component of Australia's first and only university-led academic healthcare enterprise, which comprises MQ Health and the Faculty of Medicine, Health and Human Sciences. The clinical enterprise has been central to not only delivering high quality clinical care to patients but also the academic mission of education and research.</p>

		<p>The ROI for the hospital and for MQ Health is reflected in the overall success of Macquarie University's Health enterprise:</p> <ul style="list-style-type: none"> • From a zero base in 2009, by 2024 MQ Health achieved: <ul style="list-style-type: none"> o annual revenues over \$200 million o annual hospital admissions over 30,000 o annual occasions of service in the clinics over 120,000 o annual medical imaging visits over 70,000. • In 2024 MQ Health reported a net surplus. • The University does not provide cash to support annual operations of MQ Health and receives rent from MQ Health. • External research revenue in the Faculty of Medicine, Health and Humans Sciences has grown from \$5 million in 2013 to \$66 million in 2024. This in no way would have been possible without MQ Health. • By 2024, a total of 3,654 students had graduated from Macquarie's health education courses and are now members of the health workforce. This in no way would have been possible without MQ Health. <p>The University's decision over a decade ago to establish the hospital is validated by Ratings Agency Moody's in its April 2024 Credit Rating Report on the University "Importantly, the University derives ongoing ancillary benefits through the hospital, allowing it to integrate clinics and Faculty of Medicine, Health and Human Sciences. Additionally, the hospital also attracts increased research funding and philanthropic income."</p>
3	<p>I am informed that, within the Executive, Macquarie University Buildings and Macquarie Hospital and any investment in them are viewed as marketing initiatives – primarily aimed at attracting both domestic and international students.</p> <p>(a) Is this characterisation accurate?</p> <p>(b) What is the estimated annual marketing value derived from these buildings and the hospital?</p>	<p>a) No. This characterisation is inaccurate.</p> <p>b) Not applicable, given the answer to (a).</p> <p>(c) Not applicable, given the answers to (a) and (b).</p>

	(c) How is this valuation arrived at?	
4	<p>If the \$850 million in debt that was incurred to fund capital expenditure and building works was instead invested in a diversified portfolio of ASX-listed shares:</p> <p>(a) What would be the approximate annual income generated from such shares?</p> <p>(b) How does that compare with the ROI from the University's decision to invest in buildings and the hospital?</p>	<p>(b) This is a hypothetical question best answered by a licensed financial advisor.</p> <p>(b) Not applicable, given the answer to a).</p>
5	What is the debt repayment schedule?	See answer to question 6 below.
6	<p>How much debt is due for renewal in the next:</p> <p>(a) 12 months</p> <p>(b) 24 months</p> <p>(c) 36 months</p>	<p>a,b,c):</p> <ul style="list-style-type: none"> • No bonds mature within 36 months. Bonds have maturities ranging from September 2028 to November 2044. • \$150 million (out of \$500 million) revolving bank debt facilities are due for renewal in July 2026 (15 months). The University anticipates no difficulty in renewing these facilities should it choose to do so at the time. • The remaining bank facilities, totalling \$350 million have maturities beyond 36 months.
7	What are the current interest rates paid on existing debt?	Rates range from 2.25% to 5.6%.
8	What interest rate do you anticipate for debt that requires renewal in the next 12 months?	Not applicable. There are no debt facilities or bonds falling due in the next 12 months.
9	What is the approximate annual value of repayments, including both interest and principal?	<p>The aggregate value of net interest payments in 2024 was approximately \$25 million (2023: \$23 million).</p> <p>There were no net principal repayments in 2024 (2023: \$nil).</p>
10	Is it accurate to say that approximately \$100 million per year is being transferred from teaching revenues to service the debt associated with buildings and the hospital? If not, why not?	No. That is not accurate.

11	Does the need to repay or refinance this debt influence Executive decisions regarding reductions in courses, unit offerings, and staffing?	No. Decisions concerning course and unit offerings are driven by student and employer needs and expectations. Decisions concerning staff are driven by the Education and Research work that needs to be carried out and the academic and professional workforces that are required to efficiently deliver that work, in accordance with the relevant Enterprise Agreements.
12	I am informed that teaching at Macquarie University is cash-flow positive, with teaching costs amounting to only about one third of teaching generated revenue. (a) What is the revenue and expenses associated with teaching in each Faculty?	Teaching revenue for the University in FY2023 was \$701 million, allocated against the four faculties and MQ College. For 2023, the four faculties and MQ College incurred \$331 million in total direct faculty expenses, with a further \$244 million incurred by central functions to support teaching and related student services. Many aspects of indirect cost are not attributed to faculties.
13	I am informed that, despite teaching generating significant income, there have been sharp curriculum cuts and rumours of further major reductions and job losses. What is the justification for the decision to reduce student choices and push staff into unemployment when their work generates considerable income?	The University has a cycle of review of all courses to ensure that courses meet the needs and expectations of students and employers. This includes considerations of reducing the complexity and duplication in the curriculum that has built up over time and is represented as a significant concern by students. No decisions have yet been made in relation to the workforce. Changes, if there are any, will comply with the Enterprise Agreement.
14	Does the financial burden from the debt influence decision-making related to teaching and staffing?	Accessing the debt markets at a time of historically low interest rates (2018-2021) has allowed Macquarie University to invest in core aspects of facilities and services (especially digital enablement) which are directed at the student and staff experience and success. The University receives no Federal funding to support this type of investment after closure of the EIF program over a decade ago and also receives zero funding from NSW government. Rather than being a 'financial burden', the ability to raise debt at historically low interest rates has enabled the University to make investments that were vital to its long-term ability to survive and thrive.
15	The university has indicated in the media that it is planning to spend up to \$700 million over the next 10 years in a digital transformation and IT infrastructure. (https://www.itnews.com.au/news/macquarie-uni-	The University has made no commitment to spend \$700 million on digital transformation and IT infrastructure over the next 10 years. The University's planning cycle is over 5 years. a) Already responded to above. b) The University has completed the majority of its major physical infrastructure remediation. The projected annual spend on Digital Transformation is less than 2.5%

	<p>to-spend-up-to-700m-on-10-year-digital-transformation-607861)</p> <p>(a) In the context of cuts to courses, units and staff, what is the justification for such a large expenditure?</p> <p>(b) Please explain how this is a good investment, both in terms of ROI, and also in terms of delivering a better education for students, a better workplace for staff, and value for money for the Australian taxpayer?</p>	<p>of projected annual revenue. This is considered low when compared with other universities and organisations of comparable scale and complexity outside the higher education sector. This focused area of investment is built off rigorous research on where student pain points are and is closely monitored by Council and Executive Management through the lens of prudential investment. This work will also facilitate the efficient work of staff.</p>
16	<p>An academic staff member at Macquarie University has recently experienced significant media and political attacks. Can you outline how the University is upholding these four critical values in this situation:</p> <p>(a) Academic freedom</p> <p>(b) Due process</p> <p>(c) Duty of care to staff, and</p> <p>(d) Australian Research Council independence from political interference</p>	<p>a) The University's freedom of speech and academic freedom policy requires speech to be exercised lawfully and not be defamatory or involve racial vilification. Racial vilification laws exist in State and Federal legislation. The University's freedom of speech and academic freedom policy provides:</p> <ul style="list-style-type: none"> • Staff should be free to conduct research, undertake learning and teaching, communicate, and publish, without unreasonable interference and restriction • Freedom of Speech must be exercised lawfully. <p>The Vice Chancellor's communications to Staff have repeatedly reinforced the University's steadfast commitment to lawful free speech and academic freedom.</p> <p>b) The University respects the laws of Australia and fairness and the need for due process. The University's workplace framework and Australian workplace laws make clear a legal process must be followed to put matters to employees and allow employees to respond.</p> <p>c) The University creates and protects a safe place for staff and students through a range of usual and – as recently commended by TEQSA – exemplary policies, systems and services.</p> <p>First, the University communicates its expectations through the Vice Chancellor's messaging to staff and students and the broader community. The University is a diverse and welcoming place of learning framed by our values including respect, integrity, care and wellbeing.</p>

		<p>Second, the University engages with representative groups to understand issues and concerns, operates complaints processes for any person to raise issues and promptly responds to concerns from external groups and individuals.</p> <p>Third, the University demonstrates these values by taking action where a breach of policy or standards may have occurred.</p> <p>Fourth, the University provides free and confidential support to staff and students.</p> <p>d) This is a question for the Australian Research Council (ARC).</p>
17	<p>A recent internal document, the "Blueprint for Academic Workforce," proposes a new annual process in which each Executive Dean selects the courses and units to offer, followed by a bidding (expression-of-interest) process where staff nominate their preferred teaching. The Executive Dean would then make centralised decisions about teaching allocation.</p> <p>(a) Is this plan intended to be implemented this year for teaching in 2026?</p> <p>(b) Do you foresee significant cuts to units and courses as a result?</p> <p>(c) Do you anticipate staff redundancies stemming from this process?</p>	<p>The Enterprise Agreement already outlines that workload is approved by the Executive Dean. Heads of Department who report to the Executive Dean already engage in the task of workloading each year and this will continue. The Blueprint paper is a discussion paper for consultation and the time for consultation has just closed. The University will consider the feedback from staff.</p>
18	<p>This policy would significantly centralise decision-making power in the hands of Executive Deans, reducing the influence schools, departments, and disciplines currently have over teaching and workload allocation.</p> <p>(a) Does this shift indicate that you have abandoned a commitment to collegial decision making?</p> <p>(b) Do you have concerns about the potential for poor decision-making or abuse of power resulting from this centralisation?</p>	<p>See above regarding the status of the Blueprint discussion paper. The current Enterprise Agreement already accords with the workload process outlined and operates well. The University has just closed its consultation phase on the discussion paper and feedback will be analysed.</p> <p>Any future phases will be dealt with in accordance with the Enterprise Agreement including further consultation as appropriate.</p>

19	<p>Over the past six years, Macquarie University has experienced multiple cuts to curriculum and staffing, alongside major restructuring initiatives. I've been informed that these changes have significantly harmed staff morale and mental health.</p> <p>(a) How do you respond to the fact that low morale and poor mental health have occurred under your leadership?</p> <p>(b) How is morale and mental health monitored?</p> <p>(c) Are surveys, internal management reviews and staff forums adequate means of addressing issues regarding staff ownership and engagement?</p> <p>(d) Is the University Council aware of this crisis of morale and mental health?</p> <p>(e) Moving forward, how will you adjust your governance approach to address these concerns?</p>	<p>a-e) All universities were significantly impacted by the COVID-19 pandemic and Macquarie University was no exception, requiring appropriate pandemic responses. The curriculum is reviewed frequently in line with employer needs, students' expectations and data-driven feedback on programs. Staff play an important role in ensuring students have an outstanding experience and staff are energised and excited by this work. Staff are supported in various ways including regular communications, formal teacher training, staff programs, flexible work arrangements, generous leave provisions well in excess of the National Employment Standards including 26 weeks' parental leave for primary carers with more than 12 months of employment, 3 months' long service leave after 10 years' service and 5 weeks' personal leave on commencement of employment, increasing to 13 weeks' personal leave in the first year of employment and an additional 3 weeks' each year thereafter.</p> <p>There are a range of approaches to ensuring staff feedback is heard, including surveys and focus groups. The University considers a range of data points to understand mental health issues among staff, including Employee Assistance Program usage, workers' compensation claims and various employee listening initiatives. No crisis in morale or mental health is evident from this data.</p> <p>Through its annual cycle of reporting the University Council is informed of all aspects of the University's context and operations.</p>
20	<p>The Vice-Chancellor's salary is over \$1 million dollars per year, nearly twice that of the Prime Minister. And there are another roughly ten executives on salaries that are similar to the Prime Minister's.</p> <p>(a) How do you respond to people who say that these salaries are likely perceived by Australian citizens as a breach of trust?</p> <p>(b) How do you respond to people who say that these salaries undermine the social licence and legitimacy of Universities?</p> <p>(c) Can you make a commitment to reducing these salaries to at least the level of the Federal Cabinet?</p>	<p>a and b) Executive remuneration at Macquarie University is controlled through the Nominations and Remuneration Committee, a sub-committee of the University Council. The committee meets annually to review proposed salary increases for executive staff and available benchmarking data. This practice is aligned to the University Chancellors Council Code of Governance Principles and Practice for Australia's Public Universities.</p> <p>Since 2019 the Vice-Chancellor has neither sought nor accepted any increase to his remuneration. During that same period the remuneration increase approved by the Nominations and Remuneration Committee for other Executive Group members has been the same as that paid to all academic and professional staff.</p> <p>c) Macquarie University is a large and complex organisation with over 44,000 students and 3,000 employees. Highly qualified and experienced employees are key to the continued success of students and the University's contribution to our community. Like</p>

		all organisations, the attraction and retention of staff requires competitive remuneration. Macquarie University conducts regular benchmarking to ensure that its remuneration remains competitive with comparable or similar employers.
21	<p>Recently Macquarie University joined the Business Council of Australia. The Business Council of Australia often finds itself lobbying on behalf of the richest Australians and the largest Australian corporations, with a very particular political orientation towards serving the needs of the most privileged and affluent members of Australian society. For example, the BCA is often promoting deregulated labour markets and tax breaks for the wealthiest Australians.</p> <p>(a) Can you explain the rationale for this decision?</p> <p>(b) How can a public institution like Macquarie University justify joining an institution that serves a very narrow and privileged section of Australian society?</p> <p>(c) How do you believe staff, students, and the general public will perceive Macquarie University siding with the top end of town?</p>	<p>(a) Our students seek employment after their time at University and the Business Council of Australia has in its membership many of the employers with which our students seek to work. Engaging with them on the needs of employers and advocacy around work force development for Australia is the rationale for our engagement with BCA. In addition, the University participates in several groups and policy forums, such as the Business Council, in order to participate in current policy discourse across a wide spectrum of issues from skills and higher education to research and innovation and environmental policy.</p> <p>(b) Employability is one of the key drivers of consideration in choosing to study at Macquarie University. Doing research that is important to the community is key to our mission, and that includes the business community.</p> <p>(c) Rationale response above</p>
22	<p>According to Times Higher Education (THE), Macquarie University has the worst student to staff ratio in Australia and one of the worst in the world. How do you explain these figures, which have consistently reported Macquarie University as having the worst ratios year after year?</p> <p>(a) If you dispute this claim, have you taken any steps to correct this journalistic record?</p> <p>(b) Given these figures, why is Macquarie University management signalling intentions for even more course and unit rationalisation and staff cuts?</p>	<p>The methodologies of the various rankings agencies, including THE, skew student staff ratios in different ways. These are not regarded as the official measures of student staff relativities. On a like for like basis, using the most recent sector data published by the federal government, Macquarie University is less than 5 student EFTSL per academic FTE above the sector mean and the University has seen an increase in its total academic FTE since then.</p> <p>a) Not applicable, given answer to 22 above.</p> <p>b) Not applicable, given answer to 22 above.</p>

23	<p>It has been proposed by the Executive that between 50% and 100% of the first year classes of each degree will be compulsory generic courses in 2026. This would mean that 2000-3000 arts students, for example, would do between four and eight generic first year classes with presumably 2000-3000 students in each course.</p> <p>(a) Can you confirm this is true and that you agree with this plan?</p> <p>(b) How can there be a common curriculum across such diversity of majors - from archaeology, to philosophy, to English literature, to Spanish, and Media?</p> <p>5</p> <p>(c) Is there not a risk that these will all become essay writing, CV writing, and learning how to reference classes? And how will student experience not be compromised by such massive and so generic classes?</p>	<p>a) Each course is proposed to have a structured first year in the service of providing a clearer pathway for students to navigate their way into tertiary education. This responds directly to sentiment provided by students in a variety of feedback mechanisms. There is ample precedent in some cases over decades at leading international universities for this approach. To claim the approach is to have 'generic' courses is not correct and not how this approach has been described. These will not be 'generic' courses. Instead, each course will have a structured year made up of specifically designed units that embed foundational knowledge and skills relevant to all students in that course, allow students to gain exposure to a range of relevant discipline areas, and support transition to university and student success.</p> <p>b) Students still undertake discipline-specific majors.</p> <p>c) No. Common does not mean generic. Each course at a university has specific course learning outcomes that reflect both knowledge and skills shared by all students within that course, as well as discipline-specific depth - which in some courses is accomplished through students undertaking a 'major'.</p>
24	<p>How many reasonable adjustments, accommodations and/or special considerations were applied for, in each calendar year from 2018?</p> <p>(a) Of these, how many were granted?</p>	<p>Total Special consideration:</p> <p>2024: 78,207 applications; 55,505 granted</p> <p>2023: 72,051 applications; 53,602 granted</p> <p>2022: 77,251 applications; 56,393 granted</p> <p>2018-2021 data not readily available due to systems change</p>