

**Submission  
No 23**

## **INQUIRY INTO FUTURE DEVELOPMENT OF THE NSW TERTIARY EDUCATION SECTOR**

**Organisation:** University of New England

**Date Received:** 24 July 2020

---



Office of the Vice-Chancellor  
University of New England  
Armidale NSW 2351  
Australia

Phone +61 2 6773 2004

[vcadministration@une.edu.au](mailto:vcadministration@une.edu.au)  
[www.une.edu.au](http://www.une.edu.au)

VCD20/252

24 July 2020

The Director  
Portfolio Committee No. 3 – Education  
Parliament House  
SYDNEY NSW 2000

By email: [portfoliocommittee3@parliament.nsw.gov.au](mailto:portfoliocommittee3@parliament.nsw.gov.au)

Dear Sirs,

**RE: Inquiry into the future development of the NSW tertiary education sector**

The University of New England welcomes the opportunity to make a submission to the Portfolio Committee No.3 – Education.

Located in Armidale, in the heart of northern inland New South Wales, the University of New England (UNE) was the first Australian university established outside a capital city. With a history extending back to the 1920s, UNE has a well-earned reputation as one of Australia's leading universities with an acknowledged pedigree in distance education.

Through its pioneering role in the provision of distance education, UNE has contributed to the nation's workforce development needs for over more than half a century — while enhancing the lives of thousands of people who would otherwise have been unable to pursue university studies. For example, UNE supports a significant number of disabled students and recruits one of the largest cohorts of Aboriginal and Torres Strait Island student candidates thus allowing connection with country and family to sustain them during their studies. We are proud of the diversity of our student community and our success in addressing need through education and engagement. Today, UNE is extending its reach through the adoption of the latest educational technologies and is recognised as an innovator in flexible online education.

This university is much more than a tertiary educational establishment. Our research is recognised globally for the value and impact of the intellectual capital we produce with key partners from government, business and industry (<https://www.une.edu.au/research/research-centres-institutes/smart-farm>) . Equally important is our role as an anchor institution in a region where the education sector contributes over 40% of the GDP. UNE provides a range of critical community resources, including over recent months, support for bushfire management, emergency drought response and the creation of Australia's first regional virtual hospital to support the community during the pandemic and beyond. (<https://www.une.edu.au/about-une/faculty-of-medicine-and-health/nevihn>)

UNE wishes to respond to the following terms of reference:

**a) Tertiary education's economic development role, especially university campuses and Country University Centres (CUCs) in regional NSW**

Since its inception, the University of New England has played a strong economic development role in the New England North West (NENW). Two current projects we wish to highlight in this submission are the [UNE's Smart Region Incubator \(SRI\)](#) and our innovative UNE Tamworth expansion concept.

Established in 2017, the UNE SRI has supported local entrepreneurs to birth some 60 start-ups which have created more than 80 jobs and attracted over \$2 million in investment to the region. These results will be further enhanced by the UNE SRI's recent expansion into the Moree region. Through the SRI, UNE has partnered with NBN Co to launch the young entrepreneurs programme bringing support to next generation start-ups being created by NSW schoolchildren.

UNE is currently collaborating with government, industry, and the community to drive economic growth in the Tamworth region by expanding its campus and educational services. UNE is aware that an increased university presence will uplift the supply of skilled labour and assist the growth of the region. Increased student numbers and university infrastructure spending will also create significant demand for goods and services as we recover from the combined effects of drought, bushfire and now the pandemic-related economic crisis. UNE estimates that the new campus will provide ~120 local jobs per year (academic and professional) and contribute ~\$220M and ~\$290M to the region from student and university expenditure respectively over 10 years.

It should also be noted that independent research shows that there is a direct correlation between access to airline routes and the economic and social development of regional communities<sup>1</sup>. Specifically, research indicates that greater aviation activity in a region is correlated with a quantifiable increase in population growth, employment, or per-capita income<sup>2</sup>. Airport travel is essential for the business of UNE staff, students, and visitors, with the institution spending approximately \$1.5 million dollars on air travel for staff and students who traversed through the Armidale airport in 2019. UNE also contributes some 500K per week of additional revenue to the local economy when we run residential schools, conferences and graduation related events. It would also be fair to say the University plays a significant role in the frequency of flights into the city. While the University's presence improves the viability of the airport and other infrastructure, the existence of this infrastructure results in improved economic and social development in our region.

It is well recognised that rural, regional and remote communities exhibit lower rates of higher education uptake than metropolitan counterparts, and students post-coded from these locations also frequently experience multiple aspects of educational disadvantage. UNE takes very seriously our role in developing the regional workforce of the future, including developing the aspiration for higher education amongst rural, regional and remote students and supporting access through the establishment of regional study centres in the cities and towns in our region.

---

<sup>1</sup> GAO, 2013, Factors Affecting Efforts to Improve Air Services at Small Community Airports, pg 8.

<sup>2</sup> See for example Richard Florida, Charlotta Mellander, and Thomas Holgersson, 2015, Up in the Air: The Role of Airports for Regional Economic Development, vol. 54 of *The Annals of Regional Science*.

**b) The mission of NSW universities with a particular focus on the role of universities to serve specific geographic communities;**

Access to quality health care is more difficult in regional, rural, and remote areas. To address this, UNE recently launched the first phase of the New England Virtual Health Network (NEViHN). This innovative approach is designed to improve the efficiency of healthcare delivery and strengthen the regional, rural and remote healthcare workforce. UNE was the primary investor to fast-track phase 1 and enable the healthcare professionals to remotely monitor low-risk patients suspected of having COVID-19, or those diagnosed but presenting with mild symptoms, from their homes. UNE is a leader in rural health care and brings focus to the national conversation on this matter through its sponsorship of the Spinifex Network, for example.

Our specific regional location also makes UNE ideally situated to excel in research to benefit the Agricultural sector. For more than four decades, UNE's Animal Genetics and Breeding Unit (AGBU) has been improving the Australian agricultural sector through research and development focused on genetic improvement of livestock and other species. AGBU has developed a number of genetic evaluation systems used by a range of industries to identify and select animals with the best genes. The Unit collects growth and performance data on millions of sheep and cows, which provides valuable information for farmers and industry. While AGBU is internationally renowned for its work, this work also has a significant local impact. An independent study showed that genetic improvements had brought an extra \$4 million to the farms of the New England region in terms of productivity dividends.

UNE is now in discussions about how to leverage this type of progressive work as the basis for working more closely with new industry partners to create a next generation agri-data centre in Armidale.

[UNE's Smart Farm Innovation Centre](#) is a research, education, and outreach facility for UNE-led advances in precision agriculture research and development worldwide – it creates opportunities to showcase the latest on-site technologies to visitors from all over the world. The Centre is utilised by the Precision Agriculture Research Group which is developing innovative low cost and accessible technology for industry and farmers.

**c) The post-pandemic return of foreign student numbers and the financial sustainability and risk management strategies of NSW tertiary education institutions;**

UNE has a growth strategy in place to increase educational services for international students, with a focus on key disciplines where we know we can offer an exceptional academic experience. This approach has seen international numbers grow modestly at UNE, but has also meant that UNE is not as financially exposed as other Universities.

Using our extensive online experience, UNE has ensured that the vast majority of our international students who were affected by travel bans were able to commence studies online from their country of residence. We continue to support them in that mode.

We are also developing new transnational programmes with Malaysia and India for example, building on our online credentials so that we can retain a small international student pipeline.

It is worth noting that under the current capped funding arrangement with the Federal Government there is an element of risk to UNE as we seek to balance the loss of international revenue. UNE has operated above the current cap on funding for two years as we responded to

growing student demand. UNE is currently experiencing a further increase in demand from domestic students, who are seeking to upskill in the emerging post COVID economic climate. UNE will not be able to support as many students as the institution would like due to the current Federal Government funding cap. Given our diverse student community and pressing demand, UNE welcomes the flexibility and growth elements embedded in the new Higher Education reforms.

**(e) Levels of integration of the tertiary education sector with industry;**

UNE's integration with industry is extensive and includes, but is not limited to, research, curriculum design, and industry placements.

The institution has a long history with Cooperative Research Centres (CRC), with eight originally at UNE; UNE now supports subsequent work of these centres on the UNE Armidale campus. CRC's are a Federal Government initiative that supports Australian industries' ability to compete and produce by helping them partner with the research sector to solve industry-identified problems.

UNE's Tamworth expansion plans, which are discussed above, are made possible by our commitment to co-locate and co-create the educational offerings with industry partners.

AGBU's world-renowned genetic improvement in the beef industry has been substantially enhanced by the inputs and assistance from Meat and Livestock Australia, Agricultural Business Research Institute, breed societies, bull breeders and other stakeholders in Australia's beef supply chains.

UNE also engages with industry on curriculum design across all disciplines. UNE's Health and Education students in particular make extensive use of industry placements to ensure graduates are work-ready.

**(h) The current levels of coordination and/or support provided to NSW universities by the NSW Government;**

UNE appreciates the support it receives from the NSW Government. The UNE SRI and the NEViHN are two current examples where support and/or cooperation have led to beneficial outcomes for the local community.

It is however concerning to note the apparent failure of government to realise the value of cofunding, recognising that delivering initiatives within regional communities requires a different stimulus plan than the conventional model that might be effective in metro domains. We believe that with the support of the NSW Government UNE, can continue to strengthen our contribution to the economic and social growth of our region and the NSW economy as a whole.

**(i) The recent experience with online learning and lessons for the further development of alternative models of tertiary education service delivery;**

Online learning is not an alternative delivery model for UNE, it is a core part of the institution.

Where many other institutions may have struggled to develop and deliver appropriate curriculum online in a short period, UNE was ideally placed to support students through the COVID-19 crisis. Online learning is not a recent development for UNE; UNE has spent decades

refining remote learning, starting with distance education in the 1950s and then moving to online learning as technology advanced. Eighty per cent of UNE's students study online and the institution supports thousands of online learners to improve their lives through quality education every year.

**(j) The appropriateness of current NSW legislation regulating, overseeing and enabling tertiary education;**

UNE acknowledges it is a beneficiary of various levels of support from the NSW Government. It is with regret therefore that we would report that there is limited knowledge of the needs of regional universities if they are to be effective as anchor institutions. The current bias towards metro-based models of innovation support is also a matter of concern as it ignores the often singular responsibility of regional universities to drive innovation without macro corporate engagement and scaled industry, to support ecosystem development within an RRR context and provide support for migration and refugees communities for example, and other minority communities and, ensure comprehensive provision through the stimulus actions of one organisation. These are issues that were referenced in the 2019 Napthine Review, and in part addressed through the Tehan 2020 Higher Education Reform proposals which offer some recognition of this burden and are therefore welcomed. A similar form of response from the NSW Government would be appropriate.

UNE is concerned at the NSW Government's approach to the issue of payroll tax liability levied on government funding for unfunded defined benefit superannuation shortfalls/liabilities.

This relates to an agreement between the Commonwealth Government (represented by the Department of Education) and the NSW Government (represented by the New South Wales Treasury) entitled "Memorandum of Understanding for the Purpose of Financial Assistance for Unfunded Superannuation Liabilities of New South Wales Universities" dated 5 December 2014 (MOU).

Paragraph 7 of the MOU states that the Commonwealth and NSW State Government agree to fund superannuation liabilities relating to the scheme including contribution tax, and other taxes. The definition of taxes under the MOU specifically includes payroll tax. Notwithstanding the above, payroll tax has been and continues to be assessed against the University by Revenue NSW, but the Commonwealth and New South Wales Governments are not meeting their obligations to cover this cost as set out in the MOU.

At UNE, the future payroll tax liability on the unfunded defined superannuation fund has been assessed by the actuary at \$5.9 million as at 31 December 2019. The decision of the NSW Government to step away from its intention to cover its portion of this liability, as outlined in the MOU, places UNE in a difficult financial position at a time when it is also called upon to meet a range of other obligations in serving our community.

Yours sincerely,

***Professor Brigid Heywood  
Vice Chancellor and CEO  
University of New England***