REPORT ON PROCEEDINGS BEFORE

PORTFOLIO COMMITTEE NO. 3 – EDUCATION

FUTURE DEVELOPMENT OF THE NSW TERTIARY EDUCATION SECTOR

UNCORRECTED

At Macquarie Room, Parliament House, Sydney, on Tuesday 8 September 2020

The Committee met at 10:05.

PRESENT

The Hon. Wes Fang (Acting Chair)

The Hon. Anthony D'Adam
The Hon. Courtney Houssos
Mr David Shoebridge

PRESENT VIA VIDEOCONFERENCE

The Hon. Scott Farlow
The Hon. Mark Latham
The Hon. Matthew Mason-Cox (Deputy Chair)

UNCORRECTED

The ACTING CHAIR: Welcome to the second hearing of the Portfolio Committee No. 3 - Education inquiry into the future development of the New South Wales tertiary education sector. The inquiry is examining the existing state of tertiary education in New South Wales and the key factors that should drive future development of the sector. Before I commence I would like to acknowledge the Gadigal people, who are the traditional custodians of this land. I would like to pay respects to the Elders past, present and emerging of the Eora nation and extend that respect to other Aboriginal people present.

Today is the second hearing we plan to hold for this inquiry. We will hear today from a private tertiary college, two academics, two unions, two organisations supporting rural and regional education, and the Department of Education. Before we commence I would like to make some brief comments about the procedures for today's hearing. The hearing of this inquiry will be conducted in a hybrid format with some Committee members and witnesses participating via videoconferencing. I ask for everyone's patience and forbearance through any technical difficulties we may encounter today. If participants lose their internet connection and are disconnected from the virtual hearing they are asked to rejoin the hearing using the same link as provided by the Committee secretariat.

Today's hearing is being broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. I remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing. All witnesses in an inquiry have a right to procedural fairness according to the procedural fairness resolution adopted by the House in 2018. There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take the question on notice and provide an answer within 21 days.

Witnesses are advised that any messages should be delivered to the Committee members through the Committee staff. To aid audibility of this hearing, may I remind both Committee members and witnesses to speak into the microphones. Could everyone please turn their mobile phones to silent for the duration of the hearing and could everyone participating in the videoconference system please mute their microphones when they are not speaking. I now welcome the first witnesses.

DAVID PERRY, Vice-President, Alphacrusis College, sworn and examined

NICK JENSEN, Political Liaison, Alphacrusis College, sworn and examined

LAURIE BERG, Associate Professor, Faculty of Law, University of Technology Sydney, before the Committee via videoconference, affirmed and examined

The ACTING CHAIR: Would each witness like to start by making a short opening statement? If so, please keep it to no more than a couple of minutes.

Reverend Dr PERRY: Thank you very much for the opportunity to provide evidence for this important inquiry into the future development of the New South Wales tertiary education sector. Alphacrusis College is a dual-sector, self-accrediting higher education provider and we also have an application in to become a university college. I think you have seen my brief info, but for the sake of transparency I thought it might also be prudent to mention that I have just been appointed to the Higher Education Standards Panel [HESP], which is a statutory body that advises Minister Tehan on research and standards in higher education. I believe strongly that a voice in forums like these and the HESP is a great privilege and should be used wisely.

Perhaps not surprisingly, our submission focuses on the important role of independent higher education in New South Wales. We have made nine recommendations in our submission but really there are four main areas of emphasis: firstly, the contribution that independent providers are already making and can continue to make to quality and innovation within the sector; secondly, the importance of fair market conditions and aspirational pathways to allow this contribution to occur; thirdly, the necessity of connection and integration between tertiary providers, schools and users and local communities, particularly within the regions; and, finally, the significant contribution that faith-based institutions make within the sector and the unique possibilities that exist for specific and regional engagement within a faith-based context. Our college exists because we believe in the transformative impact of tertiary education and we are honoured to be able to contribute to the discussion on what the future development of that education looks like in New South Wales. Thank you.

The ACTING CHAIR: Thank you very much. Professor Berg, did you have an opening statement?

Dr BERG: I do. Thank you for the opportunity to provide some remarks on research that I have conducted that is relevant to this important inquiry. On my behalf and on behalf of Bassina Farbenblum of the University of New South Wales, we conducted a large-scale survey in 2018 on international students to better understand the exploitative treatment that they experience in housing and work in New South Wales and we feel that the future development of the New South Wales tertiary sector depends on ensuring the wellbeing of its most vulnerable students, which include international students.

Our submission focuses on regulatory failures in relation to international students' housing because these are so important to international students' wellbeing and also because these regulatory issues are entirely within the jurisdiction of the New South Wales Government and Parliament. We also conducted significant research on workplace exploitation as it affects international students—and I would be happy to answer questions in relation to that—as well as the need for coordinated legal services for international students who are working, especially services located on university campuses.

I wanted to draw attention to some aspects of our research that were not covered in our written submission. Our *Living Precariously* report was based on a survey of over 5,000 international students and that research found that exploitation is thriving unchecked in the share-house market. Share houses are the most common first accommodation for international students. Most found their share house through unregulated, online platforms, and our survey revealed a minefield of problems, with more than half of international students in share houses reporting deceptive or illegal conduct by landlords or poor living conditions in their first share house.

You would think that international students are more vulnerable to scans and exploitation because they may have organised that share housing from home, sending money on the basis of pictures that they might have seen on online platforms rather than after they arrived here in Australia, but we found that they were just as susceptible to deception and poor housing conditions when they organised their housing here and we found that exploitation is just rife throughout the share-house market; they cannot avoid it by simply organising it once they arrive, and it is advertisements on peer-to-peer sharing platforms like Gumtree and flatmates.com.au that lure international students into some of the most exploitative housing situations.

Just very briefly, our written submission pointed to a number of regulatory failures that contribute to these problems. Most international students in share houses do not have a formal tenancy agreement. Because they are in subletting relationships without a written agreement they are excluded from tenancy rights under the Residential Tenancies Act in New South Wales, and because they are not covered by the Residential Tenancies

Act, NSW Fair Trading undertakes very little enforcement activity in this area. Also, because they are not covered by the Residential Tenancies Act, they cannot access the NSW Civil and Administrative Tribunal [NCAT] in order to recover their bond or obtain remedies for other unscrupulous landlord conduct. Our report and the written submissions set out some detailed recommendations for reform, which include amending the Residential Tenancies Act to remove the provision which excludes share house occupants from the statute if they do not have a written agreement and, instead, make sure that the Act extends to anyone who is living in a share house, whether subletting or as a tenant in that house, as well as to ensure that NSW Fair Trading takes enforcement action under the Act when they are informed that unscrupulous conduct is taking place. Thank you.

The ACTING CHAIR: Thank you, Professor Berg. I will address two things before we start questions. Obviously, I am not Mark Latham. The Chair is unable to be here today and is participating via Webex, and so is the deputy chair.

The Hon. ANTHONY D'ADAM: Thank you all for appearing today. I will direct my first question to Professor Berg. Could you elaborate further on the barriers to accessing NCAT? What kind of procedural changes might be made to enable that? What are the obstacles to international students gaining justice and being able to access the mechanisms to get a remedy in a situation where they are in an exploitative arrangement as pertains to their accommodation.

Dr BERG: Thank you so much for the question. Because subtenants who do not have a written tenancy agreement are not covered by the Residential Tenancies Act they are not provided with access to NCAT through that Act and so they would therefore need to take common law proceedings in order to enforce their contractual rights rather than under the legislative tenancy law. That is the chief barrier facing most international students who arrive in a share house without a written agreement, who therefore have none of those legislative protections and no access to the tribunal.

As we see it the chief reform that is required is amendment of the Act to extend all of its protections not only to tenants—currently tenants who have a written agreement or an oral agreement are covered by the Act but subtenants are only covered by the Act where they have a written agreement and so that excludes most international students in these sort of informal share house arrangements. So the chief reform we seek is extension of the Act to any occupant for value in a share house, whether or not they have a written agreement, which would require amendment of section 10 of the Act. That would then enable those subtenants to access the NCAT procedures.

Further reforms are set out in our written submission in relation to NCAT processes, which would increase accessibility for international students. We would seek increased consideration to the visa status of international students in case management to ensure, especially in situations during COVID, that those matters are heard or resolved before the international student departs Australia. We would seek the facilitation of lodging of disputes online and the conduct of hearings online or via teleconference at NCAT to better allow international students to have access, including when they have returned to their home country, and also increasing funding for duty services in the NCAT tenancy division to ensure that all international students are able to access legal representation and ensure a duty solicitor is on staff at NCAT.

The Hon. ANTHONY D'ADAM: In your submission you also touch on a proposal around registration of student accommodation providers. Are you able to elaborate on that a little bit further?

Dr BERG: I would need to take that on notice if that is alright. I do not have access to those matters at the moment.

The Hon. COURTNEY HOUSSOS: Professor Berg, thanks very much for your submission. It is really informative and it is obviously a slightly different perspective to some of the other submissions that we have been receiving, so it is really valuable. Your recommendations around NCAT, though, would make it more accessible for everyone. This would not just be for international students. This would actually just make NCAT more accessible and in the midst of a COVID pandemic we are conducting this Committee's first hybrid hearing. Surely that would be a way that we could make our legal system more generally more accessible for people generally, don't you think?

Dr BERG: That is absolutely right. An extension of the Residential Tenancies Act itself to all informal housing situations would also improve regulation of the entire housing sector. At the moment, as we said, because NSW Fair Trading does not see these situations as within their purview and no other New South Wales government department does either, these share houses around New South Wales are effectively completely unregulated.

The Hon. ANTHONY D'ADAM: I might just ask you to offer a bit of a comment around housing insecurity generally. Obviously secure housing is critical for student success. If they are suffering insecurity in

terms of their housing provision that is obviously going to have a bearing on their success in their studies. Perhaps you might offer some comments in relation to the general situation around student housing and what could be done to remedy the overall question of student accommodation.

Dr BERG: Sure. Housing is certainly a great stressor for international students but also local students. Other research indicates that it does interfere with their studies as well as their sense of wellbeing, both prior to COVID, which is when our research took place, but obviously of course during the pandemic as well. The sorts of the sorts of deceptive practices that we uncovered affected international students, we believe, more severely but no doubt are also experienced by local students and other vulnerable tenants and subtenants across New South Wales. We found students were paying for accommodation that did not exist.

In fact, one in 10 international students who had used Gumtree paid for accommodation that did not exist at all, which is among the most unscrupulous conduct. But short of that there were students reporting that accommodation was different to what had been described, that the landlord moved extra tenants or subtenants into the accommodation without the student's consent. They were told that the accommodation was not ready and they had to pay to stay somewhere else. We had significant numbers reporting the landlord suddenly increasing the rent in the middle of a rental period, which of course is unlawful, and typically that occurred right before their exams, so there are a number of landlords who are well aware of some of the enforcement gaps in this area and at the moment are acting with impunity to take advantage of vulnerable students, whether they are local or international students.

The Hon. COURTNEY HOUSSOS: Professor Berg, how effective is Study NSW at providing information to international students about their legal rights and responsibilities?

Dr BERG: There is a lot of effective information that is given to international students about their rights and responsibilities. Unfortunately the problem here is that their rights are not effectively being enforced and in fact they lack substantive protections under the law. It is not so much a question of them being better informed but them actually being able to access protections and protections being extended to them but also seeking assistance. I think that a proceeding at NCAT is probably beyond the means of most international students and indeed some local students as well and that further services are required to assist international students to enforce their rights even where those rights exist.

The Hon. COURTNEY HOUSSOS: I might just stop you there, Professor Berg. We have only two minutes and I want to pose one question to the witnesses in front of us. Of the private tertiary colleges you are the only group that has made a submission, so it is very valuable for us. It is a smaller part of the sector and you said that Avondale College was the last college in New South Wales to be accredited as a university college. Are you aware of how many others there are in New South Wales?

Reverend Dr PERRY: Actually Avondale is the only university college nationwide at the moment. The way the provider category standards work is higher education provider, self-accrediting provider, university college, university. There is only one university college in the nation at the moment. We have an application in which is being assessed right now. We would be the second if we were approved.

The Hon. COURTNEY HOUSSOS: And that would give you the ability to provide what level of accreditation courses?

Reverend Dr PERRY: At the moment we can self-accredit within our narrow fields to the same level as universities, so there is no difference there. A university college has greater emphasis on research and is seen really as a pathway towards then full university status, so it is sort of the first stepping stone. Obviously university status is an aspirational pathway that we have. We feel like we are on that journey and that is where we want to get to. University college is the first step.

The Hon. COURTNEY HOUSSOS: I have two more questions. Have you got any data on your attrition rates of your teachers that you accredit? Do you accredit many international students and what has your exposure been like?

Reverend Dr PERRY: Our international students were about 20 per cent international, so we are not highly exposed. We offer some programs in Korean language, so that is a large part of our international market. We also have some other students from Europe and the United States as well. We are not highly exposed in that space. On the question of attrition; we can primarily measure attrition in terms of the courses that we deliver. For example, one of the statistics we quoted was that only about 40 per cent of teachers that commence an education course actually complete it and end up in the teaching profession. Even then, in the first couple of years even more of those drop out because of the challenges that they face.

With one of the models that we suggested, the hub model, which is done in partnership with a school, on location at the school, we are now about to enter our fourth year of that and so far we have only had one teacher drop out of the training, for personal reasons. We think that is because there is a much higher level of engagement with the school, with the community, so they feel more engaged, they feel more supported and they seem to have a much higher success rate. Obviously time will tell, but the early signs are very, very positive for that model.

The Hon. COURTNEY HOUSSOS: The attrition rate of new teachers has been a real challenge within the broader public school system. That is interesting.

Reverend Dr PERRY: Very much.

Mr DAVID SHOEBRIDGE: Thank you everybody for your attendance today. Does Alphacrusis College receive any JobKeeper payments?

Reverend Dr PERRY: Yes, we do at the moment.

Mr DAVID SHOEBRIDGE: Do you think that it is fair that Alphacrusis receives JobKeeper payments but universities do not? Have you considered the institutional level playing field?

Reverend Dr PERRY: I cannot comment on the overall fairness. All I know is that we are eligible for the payments and so we accessed them.

Mr DAVID SHOEBRIDGE: Can you tell us how much you have received in JobKeeper payments?

Reverend Dr PERRY: No, I do not have that information on hand.

Mr DAVID SHOEBRIDGE: Could you give it to us on notice?

Reverend Dr PERRY: Yes, I can take that on notice.

Mr DAVID SHOEBRIDGE: How many students graduate from the institution with actual teaching qualifications, formal teaching qualifications, a degree in teaching?

Reverend Dr PERRY: If you want a number I would have to take that on notice as well.

Mr DAVID SHOEBRIDGE: Do the graduates get a degree? Do they get a form of bachelor degree from a university?

Reverend Dr PERRY: Yes, absolutely. We are accredited to the same level as universities, so it would be a Bachelor of Education or a Master of Teaching. They are also accredited by the NSW Education Standards Authority, which is a New South Wales teachers' board.

Mr DAVID SHOEBRIDGE: Dr Berg—it is Professor Berg now, congratulations. Thank you for all the work you do, professor. You talk in particular about the absence of a role by Fair Trading when it comes to international students who are on informal sublets. Can you give us some more detail about that and what you think the remedy might be?

Dr BERG: We see the remedy primarily as being legislative. As we understand it from our discussions with NSW Fair Trading, because the Residential Tenancies Act does not extend to those sublets that lack a written agreement, they do not see it as within their purview to extend enforcement action into those spaces. We believe that reform of the Act to remove that exclusion would then empower NSW Fair Trading to be able to take action in those arenas. We also recommend that NCAT also be given power to be able to refer matters to NSW Fair Trading as well in a clearer manner so that NCAT can recommend an investigation by Fair Trading where they have found unscrupulous conduct.

Mr DAVID SHOEBRIDGE: It seems perverse that the actual most marginal and most vulnerable part of the housing population have the least protections. Are there any other States that we should look at for model protections that are better than New South Wales?

Dr BERG: That is an excellent question. I would need to take that on notice, Mr Shoebridge.

Mr DAVID SHOEBRIDGE: I think one of the good arguments that is often raised about the international student sector is that international students study here, often go back to their home country and say what a wonderful time they had and have positive cultural connections and positive associations. What about those students who experience either appalling insecure housing or wage theft. Have you spoken with them? Is there any study of them about what their views and therefore their reports on Australia are?

Dr BERG: I think that there are indications that those international students, and other temporary migrants, do sour on their experiences in Australia when they experience the unscrupulous conduct, which they understand the Government is not necessarily responsible for. But when there is a lack of remedy, lack of

enforcement action and lack of services to assist them in enforcing their rights, I think they do feel that lack and feel let down.

Mr DAVID SHOEBRIDGE: They basically go home and say, "Careful of Australia. It is full of rogues. They steal your wages and they kick you out of your home." That is hardly the report we want.

Dr BERG: I think that many do feel that they pay enormous fees to study here. They invest tremendously economically and also obviously personally in their experience here, including supporting themselves while they are here, their parents are supporting them. Some of them do need to work to supplement their income while they are here and I think they do not necessarily feel that quid pro quo in terms of their interests being taken into account.

Mr DAVID SHOEBRIDGE: You and your co-author had some involvement in the *No Place Like Home* report?

Dr BERG: That is right.

Mr DAVID SHOEBRIDGE: What, if anything, has been the Government response to that report?

Dr BERG: We have not yet received a strong response from the Government to that report.

The Hon. MARK LATHAM: My questions are directed to Alphacrusis. I start by congratulating them on the quality of their submission, which is outstanding and a really good model for the inquiry to consider these options for contestability, real diversity and choice in the tertiary education sector in New South Wales. I am agreeing with 95 per cent of it. I am really just seeking some clarification in a couple of areas. The submission says that at the moment Alphacrusis is applying to the Tertiary Education Quality and Standards Agency [TEQSA] to be recognised as a university college category. If you get that what is the process then? Does the New South Wales Parliament then pass or look at passing enabling legislation as it has for the other 10 universities in the space?

Reverend Dr PERRY: Thank you for the question. My understanding is that since the advent of the Tertiary Education Quality and Standards Agency Act that State-based enabling legislation is not required. We would be made a university college, then possibly in the future a university on the basis of the TEQSA Act, rather than State-based legislation.

The Hon. MARK LATHAM: Can it work the opposite way, it is available to New South Wales in encouraging contestability and diversity to accredit or legislate for its own university college equivalents without the involvement of TEQSA, or does TEQSA have an overriding statute?

Reverend Dr PERRY: My belief is that TEQSA has an overriding statute. However, you are probably asking for legal expertise that I do not have at that point. What I will say is that in order to become, say, a university college with TEQSA approval, TEQSA does need to give all of the States opportunity to provide feedback on the application before it is approved.

The Hon. MARK LATHAM: On the fourth last page—it is not numbered—at the end you talk about the Professor Oslington options for contestability and university management. The heading is:

> Restructure public universities to facilitate takeovers and exit–

How would that work in detail?

Reverend Dr PERRY: All of the universities, as with all the private providers, are regulated by TEQSA. If TEQSA was to find itself in a position where it no longer believed that a university met the requirements under the TEQSA Act, there is a question, which I think you hinted at earlier, as to how that would interact with State-based enabling legislation: Could TEQSA actually downgrade a university in terms of their provider category if they are enabled by State legislation? I think we would be very interested in exploring that question. Our agenda is always, we just think that the more diversity, the more opportunity there is for new entrants, the greater the possibility that you will have innovation, you will force the market to innovate and I think as long as students have the choice that is the most important factor.

The Hon. MARK LATHAM: It is a legislative tradition, but New South Wales has legislated for these 10 universities to exist in our State and I have advised people in the Government that speculation about some of these universities going broke, that technically the asset, the land, the buildings and everything else they have got reverts to State Government ownership. That is the point where if they went broke that the State Government would obviously have to set up a new governance model to make sure they run a bit better in the future. Is your point that there is an element of moral hazard as long as Government guarantees that no university will ever go to the wall, then they can run their finances as recklessly as they like with little risk management strategy so that

basically in the end Government will always have to bail them out. That is a huge problem, is it not, in the management of this sector?

Reverend Dr PERRY: That is a delicate question. I am not sure that we would be quite that strong in what we would say. However, there is that very real question as to is it even possible under current legislation for a university to go to the wall? And if that is not the case then I am not sure that encourages efficient operations, market responsiveness and innovation.

The Hon. MARK LATHAM: The only thing we have in New South Wales is that the Auditor General has the remit to look at their books and I assume in the current environment the next report will be fascinating to see what better risk management strategies can be put in place and the consequences of that. I was going to ask, finally, you want us to physically observe alternative models of teacher training. Is that for our Committee to be invited to one of your facilities, recommendation two on the last page?

Reverend Dr PERRY: Yes, absolutely. We have mentioned the hub model as an alternative to teacher training. Not to be confused with some of the other university hubs that are being proposed. This is far more personal, far more directly connected with schools and we have a very viable very productive hub working in St Phillips Christian College and we would be very happy for any members of the Committee to see what is happening there.

The Hon. MARK LATHAM: That is in the Hunter, is it not?

Reverend Dr PERRY: Correct.

The Hon. MARK LATHAM: I will try and take you up on that.

The Hon. MATTHEW MASON-COX: Thank you for joining us today. I want to ask a couple of questions of Dr Perry about the hub model. In paragraph 60 you note a net benefit of the order of $1.28 billion across all jurisdictions and $746 million for regional Australia based on this hub model. You mentioned there would be some sort of upfront Government investment. It would be terrific, as the chair has suggested, to come and have a look at that hub model. I particularly wanted to ask you what sort of investment you saw from the New South Wales Government in this model if we were to roll it out, and also the overlap with what we have in six regional areas, country universities centres, which seem to be similar in some aspects that you outline in paragraph 67. Could you comment on that please?

Reverend Dr PERRY: In terms of the numbers provided there, they came out of a proposal that we prepared requesting some funding. Rather than going into the detail of that now we would be happy to make that proposal available which outlines our request as well as the benefit numbers that are highlighted in our submission. As I mentioned before what we are doing with the hub model is delivering teacher education within a direct school context. Right from day one there is the opportunity for students to observe in the classroom and to participate in school life. It is still a little bit different to what some of the universities are doing by setting up hub universities in certain regions. Even in those situations a student is still coming to a university to study a course rather than studying in situ, really directly connected to industry. There is still that distinction between what we talk about when we talk about a university hub versus what we call the hub model.

Mr JENSEN: Can I jump in there. In regard to what we have asked the Government, we have a proposal which suggests we set up stage two of the hub model, which is three trial hubs: One Catholic, one independent and one public cluster, where a collection of schools partner together with a tertiary education, not necessarily us, but whoever they feel meets with their ethos. And that trial would then hopefully go on to lay the foundation, with proper research, of expanding the hub model in wider Australia.

The Hon. MATTHEW MASON-COX: Are you aware of the Country Universities Centre model?

Reverend Dr PERRY: I believe so. Do you have a specific question in mind?

The Hon. MATTHEW MASON-COX: I just wondered how that would integrate with the Country Universities Centres. Did you have a view on that or did you see it as being separate from that type of initiative?

Reverend Dr PERRY: As I mentioned before, rather than us setting up a university or anyone setting up a university in regional locations—a reasonable amount of infrastructure spend is required to set up something like that—what we are proposing is that we are basically operating out of schools that already have existing infrastructure and capabilities and then working with clusters of schools where there are sufficient numbers to support the hub program. I think it is a much lower upfront investment to do it this way and I also think that students get much more benefit from that studying in situ at a school rather than still coming to a university campus where they are disconnected from the school industry.

The Hon. SCOTT FARLOW: Thank you for being here today, both in person and online. Dr Berg, in terms of the international student situation, you have outlined some of the challenges and I understand there are a lot of structural challenges there, but what have you seen with the advent of COVID with the smaller international student population? Are we seeing the situation getting worse or are we seeing perhaps a supply and demand situation where some of the tenants and the like are more desperate to keep the students in accommodation at the moment?

Dr BERG: Thank you so much for the question. During COVID the most recent Federal Government statistics indicate that 80 per cent of international students are actually still here. I am not sure that we have seen a tremendous reduction in the number of students in the market. I think a number of students were unable to leave when the Prime Minister advised them that it was time to do so. Border restrictions in their own countries, lack of flights or they could not afford the flights, but for a great many as well they felt that they had made such a tremendous investment in their stay in Australia that they were unwilling to abandon their studies without knowing when, if ever, they could return to Australia to continue. The housing crisis, in terms of supply, has continued. Certainly, large numbers of students have lost the part-time or casual jobs that they were doing in hospitality and food services when the first lockdown hit in New South Wales.

In recent research that we have conducted—we conducted another survey of international students this year—we surveyed 5,000 about their experience during COVID and one third indicated that their family were no longer able to afford to send them the funds that they had previously, perhaps none at all or a reduced amount. The financial crisis that international students are facing is very great. The State Government needs to be commended in providing some emergency housing to international students, but that need for housing and food and other resources continues to be extreme and much more could be done to support international students who have needed to stay.

The Hon. SCOTT FARLOW: In terms of going forward, this is a challenge that has been with us for some time, but we have seen increased growth in international student numbers in Australia. From my figures we have gone from 225,000 in 2002 to 712,000 students as at June 2019. It is obviously much higher than any other growth in Australia. Do you think there is a need for additional targeted student accommodation as well provided by university campuses?

Dr BERG: Absolutely. There is a supply issue and a demand issue with student housing. Many universities are in the process, and have been for many years, of developing student housing. There are obviously commercial providers in this space as well. Again, in our survey, and I would need to take the precise figures on notice, a very small number—I think it was around 10 per cent—were in commercial housing or university housing. Again, for many that is just unaffordable and out of their reach, so the great number will continue to look for share houses, whether as their first accommodation or even as subsequent accommodation, because presumably many students who arrive and first go to university look for commercial accommodation. Again, even that is a very small minority. They are likely to then move to other accommodation anyway in the second semester or in the second year. The regulation of the share-house sector is crucial, regardless of an increase of supply of student housing.

The Hon. SCOTT FARLOW: Professor Berg, Mr Shoebridge asked before about understanding what would be a gold standard in other jurisdictions in Australia. Compared to other jurisdictions globally, is this the same situation that occurs, from your knowledge, with student housing in other destination markets like the US, the UK or Canada? Are they more likely to be providing student accommodation on site and on campus for international students?

Dr BERG: I just have an anecdotal impression of that. I think that many universities in the US and in the UK perhaps provide more student accommodation, but there are greater expectations there about students, even local students or domestic students, living on campus. There is a much greater tradition of that, so I think that there are certainly differences.

The ACTING CHAIR: Thank you very much. Unfortunately we have reached the end of the session. The Committee has resolved that answers to questions on notice will be returned within 21 days. The secretariat will contact you in relation to the questions that you have taken on notice.

(The witnesses withdrew.)

(Short adjournment)

Dr SALVATORE BABONES, Associate Professor, School of Social and Political Sciences, University of Sydney, sworn and examined

The ACTING CHAIR: I would like now to welcome our next witness, Dr Salvatore Babones.

Dr BABONES: I am Associate Professor Salvatore Babones of the University of Sydney, but I do not represent the University of Sydney. I am here in a personal capacity.

The ACTING CHAIR: Thank you very much for appearing here today. You have the opportunity to make a short opening statement and, if you would like to do so, please keep it to no more than a couple of minutes.

Dr BABONES: Yes, thank you. Yesterday Michael Spence, Vice-Chancellor of the University of Sydney was here testifying and he expressed that it was baffling that there should be controversy over the Confucius Institute at the University of Sydney. Of course, we recently learned that two Australian reporters had been hiding out in the Australian Embassy in Beijing from the Australian Consulate in Canberra. Overnight, they were flown to Australia to escape potential detention in China. They are the last two Australian reporters in China. I think we should be questioning whether we want to host Chinese government entities on our universities at a time when Australian reporters apparently are concerned for their security in the People's Republic of China.

To give some background on that, in the United States, my own home country, two years ago there were 100 Confucius Institutes at US universities. As of last month there were only 65 left. About one-third have closed and the 65 Confucius Institutes are among 4,300 universities in the United States, so fewer than 2 per cent of US universities have Confucius Institutes. In Australia they are at 13 of Australia's 40 universities, or about one-third of all Australian universities. None have closed, as far as I know. Of course, in New South Wales there are Confucius Institutes at the universities of Sydney, New South Wales and Newcastle. I have historically been a proponent of the Confucius Institutes as being, as Michael Spence would probably see it, harmless cultural agencies. But even I have to start questioning now whether we should be hosting these Chinese government organisations in Australia at a time when Australian journalist cannot even safely report from China. I have a lot of other data for you on universities and I will hold that for the testimony. I just want to give some perspective on the Confucius Institutes, since that is in the news.

The Hon. MARK LATHAM: Thank you, Associate Professor, for your courageous stance to speak your mind about these issues, notwithstanding the views of the Sydney Vice-Chancellor, and really to be so prescient in your views, having last year outlined the financial risk of overreliance of Sydney and other universities on Chinese overseas student fees, in particular. It did not come through a currency collapse but rather a health crisis, but we have ended up in the same place that you were forecasting. Could I go to the end of your submission and get some more information about something I was not aware of? The university uses a foundation program. What sorts of foundations are these? How do they funnel students into university courses? Who runs and funds these foundations, because as you point out, they have not been publicly transparent? I am sure many members of our Committee and members of the general public would not have heard of them to this point in time.

Dr BABONES: The foundation programs are not foundations; they are foundation programs in the sense of providing an English-language foundation for students who want to study at Australian universities. The University of Sydney's foundation program is called Taylors College. It is a 50:50 commercial joint venture between the University of Sydney and Study Centres International, a private education provider. Both the University of New South Wales [UNSW] and the University of Technology Sydney [UTS] fund their own foundation programs, UNSW Global and UTS Insearch that are 100 per cent university owned. Other universities have these programs as well.

The problem for me as an educator is that we know very little about these because they are considered commercial programs—that is, they are owned by the universities but they are not directly governed by university academic boards. We simply do not know how many students are coming into universities through these programs. We do not know how competent the students are. Students ordinarily need an International English Language Testing System [IELTS] score—that is, an English-language evaluation score—of typically 7.0 for most programs at the University of Sydney. That is a score of seven out of nine points on the IELTS. But they can get into the foundation programs with a minimum IELTS of five. They do one year at the foundation program and then they almost automatically are eligible for admission to the University of Sydney and this is the same at other universities throughout Australia. Crucially, they do not have to retake the IELTS to certify their skills. Their skills are self-certified by internal examinations at the foundation programs.

Obviously, this is ripe for abuse, since universities run these programs for profit, or at least for money, so they have an incentive to pass students along. The advertising for these programs emphasises the likelihood that they will be passed along to universities and gain admission. As far as we can tell, admissions rates to

universities from foundation programs seemed to be above 95 per cent, according to marketing materials that are publicly available, which suggests that everybody who comes through a foundation program gets into the universities since 5 per cent of students will have dropped out for personal reasons or financial reasons. Effectively, the foundation programs seem to be a way around minimum English-language requirements. I say "seem", because we do not know. We do not know how they are judged, how the students are being evaluated. We do not know how many students are going through these. Is it 500 students or 5,000? We simply do not know and without that we cannot maintain standards at the university.

The Hon. MARK LATHAM: What does Sydney University say about Taylors College? I am pondering what is in it for Sydney University. We think of them as delivering higher education teaching and research services. We do not think of them as the equivalent of an English community language centre—there are plenty of those under other cover that do not require higher education accreditation. What reason could there be for the existence of Taylors College and Sydney University's involvement other than funnelling overseas students through the back door at a lower English standard requirement—the IELTS avoidance that you have identified? Could there be any other reason for the existence of Taylors College and the university's involvement?

Dr BABONES: These colleges could serve an important purpose of helping students gain minimum competencies. They did serve that purpose and still do to some small extent for Australian students who may lack, for example, specific mathematics skills for an engineering program. There is a case to be made for these programs, but that case can only be made if these programs are run transparently. If they are there to teach English, the students should be able to pass an English exam upon completing the program. Ideally these programs would be run at arms-length, meaning that they would not be evaluating themselves. Ideally we would have data on the number of students and the amounts of profit being made, but we do not have any data. These are essentially run in the dark. The foundations programs instructors I have talked to—many have reached out to me—have been afraid to talk to anyone about it even confidentially. I have repeatedly offered to put them in touch with journalists who want to cover this, but they are too afraid for their jobs if they speak out to discuss the conditions of the foundations programs. I emphasise I am not talking here specifically about Taylors College but about all the foundation programs at universities.

The Hon. MARK LATHAM: I will try to find out some information through this Committee about Taylors College. Can I just come to the question raised in your submission regarding the split between university academics' teaching and researching? What is the importance of ensuring that every academic is a teacher as well as a researcher?

Dr BABONES: The historical rationale for having research in a university at all is that research ensures that those doing teaching are at the cutting edge and at the top of their field. Historically universities have not been research institutions. Before about 1850, universities were teaching institutions. They became research institutions following what is called the German model in the late nineteenth century of having researchers become teachers, but there is very little rationale for having researchers at universities who are only researchers. That is, the purpose of universities is to teach students. Research simply ensures that you have the best or the best qualified people doing teaching and that people like me are at the top or shown to be the top of our fields through our research publications. Once you divorce research from teaching, there is very little rationale for governments or anybody to support research at universities instead of, say, at private research institutes. In the United States, for example, there is the National Institutes of Health in Washington DC, which is a massive medical research complex directly funded by the taxpayer.

Australian university vice-chancellors love to pull out cancer and other medical discoveries as a rationale for having research at universities, but of course this could just as well be done by independent research institutes like the Garvan Institute. There is no particular reason for this to be at a university. What is a particular travesty is the way we have funded it. It has now become clear that Australian universities have funded their massive research expansion of the last 10 years entirely through recourse to international student fees, yet those student fees are not feeding back to the student experience. The excess fees are going entirely into supporting researchers.

Mr DAVID SHOEBRIDGE: You are the only witness I have seen so far who wants Australia to have less top-ranked universities in the world. You say we have too many top-ranked universities. I have got to say that is a novel proposition. Do you really think that one of the goals of this inquiry should be to have less top-ranked universities?

Dr BABONES: I do. I think the Committee should question what ranking means. Is the goal of New South Wales to have top-ranked universities or is the goal of New South Wales to educate Australian students? Having a top-ranked university as an artefact or as an outcome of educating students is wonderful. When universities game the rankings—that is, intentionally organise their behaviours in order to succeed in rankings

instead of organising their behaviours around satisfying the needs of the Australian public—that is a problem and Australian universities have succeeded in the rankings game primarily by selling access—

Mr DAVID SHOEBRIDGE: By publishing research. Dr Babones, what I do not understand is the leap that you have made from the fact that we have a lot of top-ranked universities as well as the argument, which I do not think is contested, that a lot of the reason why that happens is from research funding which has been made available through income stream from foreign students. None of that is contested.

Dr BABONES: Sure.

Mr DAVID SHOEBRIDGE: What is contested is the leap that you have just made that says there has been a gaming of the system. I do not see the evidence in your submission for the gaming of the system in terms of somehow cheating the rankings.

Dr BABONES: Sure. I published a paper last month that I would be happy to provide to the Committee on exactly how that has been done. It has been done through the recruitment of a number of people on the list of what are called highly cited researchers. It is an actual list published by Clarivate Analytics that enters into the rankings, particularly the Shanghai rankings—the academic rankings of world universities out of China. Australian universities have been, to use the expression, hoovering up people on this list in an effort to rise up those rankings. That is to say, the research has not emerged organically by improving our management of research at our universities. It has been driven by hiring in people from overseas who are on the highly cited researchers list.

Mr DAVID SHOEBRIDGE: You see, there is a counternarrative. It is a powerful counternarrative that, indeed, there has been a surge in funding in research at Australian universities. You would not contest that there has been a surge in funding—

Dr BABONES: Absolutely not.

Mr DAVID SHOEBRIDGE: —and that, in fact, whilst there are real valid criticisms about the sustainability of the funding model, one of the undoubted positive outcomes has been that we have had this extremely large increase in research. It has produced significant academic benefits and, properly managed, those academic benefits can produce substantial economic benefits for the country. Do you deny the validity of that counternarrative?

Dr BABONES: I think it is a valid counternarrative on its own premises. If you believe the goal of the university is to bring researchers to Australia, then Australian universities are meeting that goal. But they doing so through a perverse funding model that was highly risky a year ago and has now proven to be a problem.

Mr DAVID SHOEBRIDGE: Dr Babones, you did not engage with my proposition. My proposition was that actual research has been produced

Dr BABONES: Yes, absolutely.

Mr DAVID SHOEBRIDGE: There are actual outcomes being produced. There is an actual, real and current benefit and an even greater potential benefit from leveraging that research for our social, economic and environmental development. Yet you come back in your answer and say that this is all about poaching academics. I am asking you about the substantive outcome. Do you acknowledge there is a positive substantive outcome?

Dr BABONES: I absolutely acknowledge that there is a positive outcome in terms of the volume of research being produced. I think its economic, social and environmental benefits are highly open to question, especially in a world characterised by open sharing. If there is a cure for cancer discovered in Australia, does that particularly benefit Australians? I mean, it is good for the world. Would that cancer cure coming out of the US, China or the European Union still be good for Australia? I suspect so. I think the premise is absolutely correct that this has produced more research. Is that beneficial? That is an empirical question.

Mr DAVID SHOEBRIDGE: Could I take you to table 2 on page 2 of your submission. What is the source of that data? It is not apparent from the submission.

Dr BABONES: That is from the uCube database produced by the Department of Education, Skills and Employment.

Mr DAVID SHOEBRIDGE: Are the revenue figures there gross revenue figures? Are they adjusted for inflation? It is a critical point, because in the 10 years you are talking about inflation has been 23 per cent. It is a pretty simple question: Are they gross—

Dr BABONES: Which is why I am hesitating one moment, because I wrote this six months ago.

The ACTING CHAIR: Associate Professor Babones, you can take the question on notice so that you can provide details to the Committee in writing within 21 days, if that helps.

Dr BABONES: I am happy to take it on notice, because while I believe I know the answer I am not 100 per cent confident to the answer. I do not want to put it on the record.

The ACTING CHAIR: That is why offered you that option.

Dr BABONES: I am happy to take that on notice.

Mr DAVID SHOEBRIDGE: Even assuming, taken at its highest, that these are adjusted for inflation across Australia domestic revenue in the decade of 2008 to 2019 fell per student by 0.63 per cent.

Dr BABONES: Right.

Mr DAVID SHOEBRIDGE: Surely you would accept that that shows a lack of commitment from State and Federal governments to the higher education sector if you are seeing domestic revenue per domestic student across the country actually falling?

Dr BABONES: Whether or not it shows commitment I cannot say. The revenues have fallen per domestic student across Australia; they have risen in New South Wales. In fact, I can provide additional data for each of the Group of Eight universities. At the Group of Eight research-intensive universities domestic revenue per domestic student has risen over the period.

Mr DAVID SHOEBRIDGE: I read your submission. You stated it had risen in New South Wales, but I think we should take that with a grain of salt, to be quite frank, when you say over 10 years the rise has been 0.39 of 1 per cent. It has flatlined, has it not? When you say in your paper that it has risen you are making a mountain out of a molehill: a 0.39 per cent increase over 10 years. Realistically at most institutions anyone having to manage the books would say the income has flatlined over those 10 years, would they not?

Dr BABONES: You can interpret a percentage increase how you want. Again, I acknowledge that the question of indexing to inflation is the crucial question here. I believe I know the answer to that; I simply do not want to put it on the record without double-checking.

Mr DAVID SHOEBRIDGE: I am taking your argument at the highest—

The ACTING CHAIR: Point of order: Mr Shoebridge, the witness has taken those parts of the question on notice. I think either adding to that question or asking a new question is appropriate, but commentary around that is inappropriate.

Mr DAVID SHOEBRIDGE: I am going to ask a new question. Taking these figures at the highest—that they are adjusted for inflation—in every State and Territory except for New South Wales there has been a real decrease. The minimum decrease has been 1.07 per cent; the maximum decrease has been 3.23 per cent. You cherrypick the one State where there has been a risible increase of 0.39 per cent and then you say, "There is not a problem with domestic funding". I am putting to you this proposition that your argument is inflated and it is not actually supported by the data you present.

The ACTING CHAIR: I have to insist on a question, Mr Shoebridge.

Mr DAVID SHOEBRIDGE: Dr Babones, I say to you that your argument is inflated and it is not supported by the data and I am giving you the opportunity to defend it.

Dr BABONES: These are compound annual growth rates. I have further detailed data by university. The interesting fact to me is that those universities that are most research intensive have actually had the highest levels of compound annual growth rates in domestic student funding. That is, the turn to international students has not been driven by a lack of domestic student funding, because those universities that have turned to international students have been precisely the universities that have had the greatest rises in domestic student funding. I am happy to provide detailed data by university.

Mr DAVID SHOEBRIDGE: Sorry, my last question is: To make meaning of this can you give me the cumulative effect? If this is compound annual decrease or increase, can you give us on notice what the cumulative effect of that is over the 10 years?

Dr BABONES: Yes, of course.

The Hon. ANTHONY D'ADAM: Dr Babones, thank you for appearing today. I am not sure whether you heard Dr Spence's evidence yesterday.

Dr BABONES: No, I saw the press report but I did not hear the evidence.

The Hon. ANTHONY D'ADAM: He ran through the broad numbers in terms of countries that produce international students. Effectively, he outlined the broad scope. He talked about China as the major supply source of international students, followed by India, and then I think he mentioned Germany at 100,000 and then the US at 74,000. I think that was the figure, although I am not exactly sure—I have not had the opportunity to review the transcript on the specifics—but broadly that was the scope of the market. In your submission you are proposing that we set a maximum number of international students and, more specifically, that we also specify the country of origin percentage. In a practical sense given the landscape of the market—the number of source countries for international students—that is not really a practical proposition, is it? Effectively you are proposing to curtail this Australia's participation in this market.

Dr BABONES: I think it is very realistic if we look at international comparisons. For example, the Australian Catholic University in submission No. 9 to this inquiry said that it had a "responsible level" of international students of 15 per cent. That level, 15 per cent, would make the Australian Catholic University among the top 20 PhD-granting universities in the United States. That is, top 20 out of 400 PhD-granting institutions in the United States have international student levels above 15 per cent. Its peer in the United States, the Catholic University of America, only has 9 per cent international students. In fact, no US public university has more than 20 per cent international students. Even among private universities the record number is 31 per cent at The New School in New York City, which was founded as a European émigré university. Its entire purpose was to teach international students; it was at 31 per cent international. The University of Sydney is at 39 per cent; The UNSW is at 37 per cent. When the typical Australian university would be off the charts in the rest of the world I think we just need to think about what is an appropriate level.

The Hon. ANTHONY D'ADAM: This is a boon for New South Wales. It is our second-biggest export industry. Why would we curtail that? That just seems irrational.

Dr BABONES: The question is, what is the purpose of universities? If you believe the purpose of universities is to operate an export industry then they are doing very well. If you think the purpose of universities is to educate Australians, I think when you have entire degree programs as we do in Management at the University of Sydney that are more than two-thirds international students the idea that having a few international students is enriching the educational experience entirely breaks down. What we are doing is operating an export industry. It is for you as the representatives of the people of New South Wales to decide whether or not that is what you want universities to do.

The Hon. COURTNEY HOUSSOS: Just following on from that: You are right, there are courses that are largely international students that do operate, but the testimony and the evidence that we have received is that those international students not only come here but studies show that their families come and visit them and it actually has important regional tourism benefits, because they are more likely to stay for longer periods of time to travel to more regional areas. It is not just about the international student and the individual coursework that they are receiving. There are multiple flow-on benefits for the rest of the New South Wales economy. Are you suggesting that that is not a valuable part of our economy? It is a much broader picture than simply about saying whether our universities are actually just training the students.

Dr BABONES: I think that in 2020 we should be asking ourselves whether or not we are falling into the trap of post-hoc justification. If someone asked you 20 years ago, "Do you want universities to become leaders in New South Wales export industries?" you decide how you would have answered that question. That is, is this the goal for universities? Go back to the charters of the universities and see if "supporting New South Wales exports" is one of the major goals that you have for your universities. If it is and if that is the narrative that you are happy with, then no, I do not see any objection. Have universities be primarily in existence as immigration agents and export support agencies; they are doing very well. Think of universities as educational institutions and I think we have serious problems.

The Hon. COURTNEY HOUSSOS: The other part of your argument I just wanted to unpick a little bit or get your thoughts on is that the international students are not coming at the cost of the domestic students. Currently, under Federal Government policy, domestic student places are capped. This is not international students enrolling in place of domestic students, particularly domestic undergraduate students. In fact, the evidence that we have received from universities is that they are actually subsidising those domestic places because of the funding arrangements at the Federal level. I appreciate what you are saying about the purpose of universities and wanting to go to that, but this is a situation where universities have sought this funding and it is actually subsidising the domestic students that we are seeking to have them train.

Dr BABONES: I think it is very clear that they are not subsidising domestic students; they are subsidising research-only academics. That is to say domestic students have not seen reduced class sizes. Domestic students have not seen more personal support. Domestic students have not seen global superstar researchers

teaching their classes. Domestic students have seen business as usual but with more and more international students stuffed into their classrooms. This is an argument I have been making for two years now. A year ago universities were pushing back on that, saying that no, this money from international students was going to support the broad university mission. But now that we see the job cut plans of universities, now that we see their extravagant requests for additional government funding for research, it is becoming clear where this money has gone. Of course university accounting is opaque. Even the counting of academics is opaque. That is, it is difficult to tell who is a research-only academic and who is a teaching-and-research academic. Everything is circumstantial. One of my big complaints is that we do not have the evidence to properly evaluate this.

The Hon. COURTNEY HOUSSOS: I wanted to come to that, because you make assertions in your submission about the growth of these research-only academics. I appreciate that you say that the purpose of a university is that students have access to these cutting-edge researchers. Where do you get this information? Is this your anecdotal experience? Is this something that you have found in speaking to your academic colleagues? How have you collated this information?

Dr BABONES: There is some evidence—and again I would have to take it on notice for the sources—about numbers of academics by function for the entire country. I believe that is broken down by State. We have no reports at all, as far as I am aware, of the breakdown of academics by function at individual universities. We have a staff categorised as either academic or non-academic. Research-only staff are clearly academic staff but they are not teaching classes. How many are there at a particular university? I do not know. I can say it is a lot. If I can offer an anecdote, I was once invited to have a conference at our Sydney Informatics Hub at which a data science professor quite directly called me a loser for still teaching. That is, he found out I was still in the classroom and he said, "Why are you still teaching? If you're still teaching after age 35, you're a loser." Well, all of my colleagues and I teach. That is what we do for a living.

The Hon. MATTHEW MASON-COX: Dr Babones, I wanted to ask you about the article which is in the newspaper this morning mentioning Mr Chen, the former consul for political affairs at the Chinese Consulate in Sydney. It went through what it called the infiltration of Australian universities by China, particularly the Confucius Institutes, the Thousand Talents Program et cetera. I just wanted your insight into that. Is that your experience? Have you seen things that concern you on that front?

Dr BABONES: I have not read the article. I do not think Confucius Institutes are very threatening from the standpoint of infiltration. They are, as Michael Spence said, really a community education program. I think we should simply question whether a community education program should be run by a government such as China. The Thousand Talents Program is much more threatening because it does have strong incentives for secrecy and subversion. That is, China actively discourages academics from disclosing their participation in the Thousand Talents Program. Academics are essentially offered a second job in China while they do their job in Australia. Universities may not even be aware that their academics have these second jobs on the side. Of course there is massive opportunity for the leakage of Australian, Australian-funded and even potentially national security sensitive research to leak out to China through people's double participation. We literally have people who are teaching at Australian universities who are deans at Chinese universities, with research groups in the hundreds of people, and we are not even aware that they are doing so.

The Hon. MATTHEW MASON-COX: That is concerning.

The Hon. SCOTT FARLOW: Dr Babones, let me play devil's advocate here for a second. The fact that you are able to say what you have been able to say before this Committee and provide a submission like you have is somewhat a testament, isn't it, to the academic freedom that is still allowed in Australian universities?

Dr BABONES: At the University of Sydney academic freedom is 100 per cent entirely supported by the university, its management and Michael Spence personally. I have never had any experience to suggest otherwise. I think there are some problems at other universities but certainly academic freedom is untrammelled.

The Hon. SCOTT FARLOW: Okay, good to hear. In terms of those other universities you refer to, are any of those where you would have concerns in New South Wales, or in other jurisdictions?

Dr BABONES: No, I think in other States and Territories.

The Hon. MARK LATHAM: I was just wondering, with regard to the associate professor's recommendations about financial controls and various limitations on student numbers for universities, how would he feel about a brief for the New South Wales Auditor-General to look at these areas and make recommendations to universities as part of their annual scrutiny of university finances? That seems to be the main State Government leverage into the financial state of universities and their risk management around these extraordinary international student numbers.

Dr BABONES: As it happens, and this is entirely a coincidence, I have the New South Wales *Universities 2019 audits* in front of me. I will say that the Audit Office of New South Wales provides more detailed information on universities than any other State audit office, so in that regard I do appreciate it. But I am going to turn to page 17 of the Audit Office report. They give a list of New South Wales universities and the country that they are most dependent on for revenue, identifying the country in a bar chart. I can read across: Charles Sturt, India; Macquarie, China et cetera. No percentages were given. I do not know the numbers. I do not know the numbers of students. I do not know the percentages of students.

I can get a ruler out and try to read it off the bar chart. I can see that the highest percentage of Chinese students at an Australian university is University of Sydney, which takes 75 per cent of its international students from China. But they do not even say that in the report; I only know because the biggest bar is Sydney and in the text it says the biggest university is 75 per cent. I can look at it and figure it out. Let us have some tables. I would like to see some basic reporting of data. Given the amount of public policy interest there is in the countries of origin of students in Australia, it is amazing that Australian universities do not report and are apparently not required to report this data to the public. They report it to the Department of Education and Training but none of it is published. I would love to see this data published so we can have a proper public policy debate. For two years we have been talking about Chinese students in Australia and we just do not even know how many there are in individual Australian universities, because universities do not tell us.

The Hon. MARK LATHAM: Yes. That is a really good point. I had to do my own calculations going on the information in the report to get to a figure. Your university has a 29 per cent overall income from Chinese overseas students and it is 27 per cent at UNSW but it would be good for the Auditor-General to set that out very clearly in the report instead of relying on people going way and making their own calculations indirectly.

Dr BABONES: It would be nice for universities to simply put it in their annual reports. Most US universities do. Most UK universities do. I can easily find out for you in a matter of moments on the internet the breakdown of students by country, by gender and by degree program at most global universities in the English-speaking world outside Australia. All of that data is confidential in Australia.

The ACTING CHAIR: Can I seek one point of clarification? What is the benefit of that data being published? How does it aid public debate on the issue?

Dr BABONES: The last year and a half has shown us that the public is keenly interested to know these numbers. I think instead the onus should be on the universities. Why do they not provide them since the public is interested and these are public institutions?

The ACTING CHAIR: But, again, I will press my question. How does it aid the public discourse and the level of debate by having those numbers published?

Dr BABONES: I think it would dramatically improve—granting that there is going to be a debate over international students—the quality of the debate if we knew how many there were.

The ACTING CHAIR: But if I breakdown my question a little bit further: Why is it critical that we know the countries from which those international students come as opposed to knowing that we have an international component of students?

Dr BABONES: If I were considering attending a degree program at a university I would be interested to know that perhaps in a program like a masters of economics at a university like the University of Sydney 95 per cent of students may come from the People's Republic of China, or if I am choosing a school in which to pursue a masters in economics or a masters in management I think it might very well affect my decision to know that the program is primarily being run as an export revenue-generating operation and not being run as a diverse student body. I think it would make a big difference to parents and students. Now, whether you want to allow parents and students to make decisions based on that information is a political question but I suspect parents and students would very much want to know the numbers.

The Hon. COURTNEY HOUSSOS: Earlier you said that research can be conducted anywhere—private institutes, public universities or wherever—but surely you would see in the midst of a global pandemic where we have research everywhere for a vaccine the expectation that research done in a private would automatically come into the public domain is not a guaranteed outcome. There are huge amounts of investment that go into it. Particularly we see overseas that intellectual property is very closely guarded. The expectation that we should simply remove ourselves from the research market and allow others to do it would actually be putting Australia at a disadvantage.

Dr BABONES: No, I do not think so. In the United States a large proportion of medical research is conducted by the Government at Government expense at the National Institutes of Health where it is not

commercialised, where it is made freely available to the public as opposed to universities which have a commercialisation imperative. If a vaccine is developed at an Australian university it will be commercialised; that is, these are not organisations that freely distribute their research. They are organisations that are intent on commercialising their research.

The Hon. COURTNEY HOUSSOS: I will leave my questioning there because I know Mr David Shoebridge has questions.

The ACTING CHAIR: We are pretty much out of time, but if Mr David Shoebridge wishes to cover off that brief exchange?

Mr DAVID SHOEBRIDGE: Yes. Dr Babones, in terms of transparency of the financials, for those universities that are established under statute in New South Wales one of the options would be putting in an express requirement, either by statute or by regulation, for a full set of transparent accounts to be produced, which would include income mix, investment sources and employment status. Do you see a benefit in us considering a recommendation that requires that full set of transparency in annual reports?

Dr BABONES: Of course I would like to see more data. As an academic, that is what we want to see. But I think also it would be crucial to get data on student numbers. This is something that people care about and it is something that the rest of the world does as a matter of routine.

Mr DAVID SHOEBRIDGE: No, I am not trying to limit the data. What I am trying to say is a full suite of data that understands the whole of the organisation's activities.

Dr BABONES: Sure.

Mr DAVID SHOEBRIDGE: From student numbers to income resources and to employment status.

Dr BABONES: I would absolutely love to see that.

The ACTING CHAIR: I am going to call the hearing to a close there, Mr Shoebridge. We are out of time. Associate Professor Babones, thank you very much for appearing today. The Committee has resolved that any questions taken on notice will be returned to us within 21 days. The secretariat will be in contact with you in relation to the questions you have taken on notice. The Committee will take a very brief break while we change over to our next witnesses and will return shortly with the next session. Thank you.

Dr BABONES: Thank you.

(The witnesses withdrew.)

TROY WRIGHT, Branch Assistant Secretary, Community and Public Sector Union, New South Wales, affirmed and examined

SHELLEY ODEWAHN, President of the Higher Education Representative Council, Community and Public Sector Union, New South Wales, affirmed and examined

DAMIEN CAHILL, Assistant Secretary New South Wales, National Tertiary Education Union, affirmed and examined

PAUL KNIEST, Director, Policy and Research, National Tertiary Education Union, before the Committee via videoconference, affirmed and examined

The ACTING CHAIR: I now welcome our next witnesses. Would any or all of you like to start by making a short opening statement? If so, please keep it to no more than a couple of minutes.

Dr CAHILL: Thanks for the opportunity to address the inquiry. Universities are among the most important public institutions. They provide teaching and they conduct research that underpins economic development and social wellbeing more generally. In the context of the COVID pandemic, their role is of particular importance. Universities train our nurses, our doctors, our scientists and they conduct research that is crucial to public health. They are also significant economic institutions in their own right, employing some 64,000 workers across New South Wales. But the COVID pandemic has pushed our universities into crisis. Thousands of hardworking university staff across New South Wales are, right now, facing job loss and we believe that thousands more casual and fixed-term staff have already lost their jobs as a result of the pandemic.

This has exposed the business model at the heart of our universities that has been encouraged by decades of Federal policy and funding settings. A combination of deregulation, a decline in real Commonwealth funding per student and funding for research at levels below which that research costs to perform has led universities increasingly to enrol full-fee paying students, mostly international students, as sources of revenue. Universities have thus been exposed to significant market-based risks and one of the chief tools they have used to address this risk is to rely increasingly on insecure forms of work. Casual and fixed-term employees now comprise about two-thirds of all university workers. The nature of their employment rights means that they can be easily let go and, indeed, they were the first to lose their employment as universities responded to the onset of the pandemic. As the crisis has continued and deepened, ongoing staff have now had their jobs targeted for redundancy.

At present universities in New South Wales have announced around 1,300 redundancies, with further mass redundancies of an unspecified number announced for Macquarie, Newcastle, UTS and Sydney university. Staff have been the shock absorbers of the COVID pandemic within the university sector. This is devastating for those workers who lose their jobs and for their families in the midst of the biggest economic downturn in living memory. It will inevitably undermine the ability of universities to fulfil their social allegations of providing high-quality teaching and research and it will contribute to the broader economic downturn as incomes are removed from the economy. And it will be felt acutely in regional areas where universities in some regional cities are among the largest employers. In our submission we focused on two of the inquiry's terms of reference, and Paul Kniest from the National Tertiary Education Union [NTEU] will also briefly address our specific recommendations.

Mr KNIEST: Thank you, Damien. Before I go to our recommendations, which are pretty brief and to the point, I wanted to point out an error in our submission. It relates to page 2 of our submission under the heading of "Income" and it is the sentence that starts, "As shown in Table 1". If you go to the end of that sentence, it states, "at $9.8 billion or 18%". That 18 per cent should actually read 29 per cent. I apologise for that. I thought I should correct that on the record. In terms of our recommendations, our recommendations really go to improving the transparency of university reporting, especially in relation to the number of casuals that they employ and about financial transparency in relation to potential risk and financial resilience. I will just leave it there. I am happy to answer any questions.

The ACTING CHAIR: Thank you. Mr Wright?

Mr WRIGHT: Honourable members of the Committee, the New South Wales branch of the Community and Public Sector Union [CPSU] appears before the Committee today as a legitimate and rightly concerned stakeholder in the future of universities of our State—firstly and foremost as a union for thousands of non-academic staff that work within them but also for the thousands more graduates, both past and future, who have subsequently forged careers in serving the public after graduating. I appear today with Ms Shelley Odewahn who is the president of the CPSU's Higher Education Representative Council and also a senior disability adviser at Southern Cross University.

The terms of reference set by the Committee are extraordinarily vast, which is understandable and perhaps reflective of the scale of the challenges for the tertiary education sector ahead. Practical considerations of the Committee's time necessitate us not endeavouring to respond to all of them and it may be helpful from the outset to detail what we consider to be a number of what we hope are incontrovertible statements that are the premise of our submission. Firstly, the Commonwealth funding arrangements for the higher education sector have been historically fluctuating and inadequate, leading to a reliance by many institutions on additional income streams, most notably from international students. Secondly, the COVID-19 pandemic, with the resultant border closures, has severely impacted on international student enrolments, with a serious consequent impact on the budget of the State's universities.

Thirdly, the financial crisis has been exacerbated by the Federal Government's refusal to extend the JobKeeker program to universities and, currently, all institutions in New South Wales are implementing severe job cuts, ostensibly to balance their budgets, details of which we can table for the Committee today. Fourthly, there are obvious constitutional limitations and responsibilities and powers for the State Government to intervene in this rolling crisis. Hence, many of our recommendations in our written submission are only for the State Government to advocate to the National Cabinet. And finally, whilst universities in our country have been encouraged and largely adopted a commercial view to their operations, they are also vital services, job generators and providers of infrastructure, particularly in regional communities.

That all said, our submission and appearance is focused on what we consider are two broad practical policy outcomes that can be implemented by the State Government which will go some way in addressing the primary interest of our union—the retention of jobs in the sector. The first grouping of recommendations are in relation to international students. Whilst in the longer term our tertiary education sector's dependence upon international student dollars needs to be carefully examined, in the short term solutions desperately need to be found to help it return as a matter of urgency. The CPSU NSW is putting forward two practical ways the New South Wales Government can assist this to occur. The first is the facilitation of a secure corridor to regulate and encourage the return of international students, particularly to regional universities. Such a corridor needs to consider the financial subsidisation of flights, which are beyond the capability of individual institutions, and also the adoption of student accommodation for quarantine purposes.

The second way is the marketing of New South Wales as an educational destination, both domestically and internationally, in recognition of the valuable income this generates. Traditionally, this function has been performed by the private sector with varying degrees of success. What we have witnessed over that time is a preference towards metropolitan campuses over their regional counterparts and an overreliance, and a consequent vulnerability, on three large international markets. The second way the New South Wales Government can assist is there must be additional intervention and support directed towards our State's regional universities—Southern Cross University, Charles Sturt University and the University of New England, and to a lesser extent the Wollongong and Newcastle universities. As outlined in our submission, the Regional Growth Fund needs to have its criteria and funding expanded to support these institutions.

The Government can seek to invest in research, similar to the way the Victorian Government is, through co-sponsorship with universities and particularly look at opportunities for joint projects providing infrastructure to be explored. The importance of education domestically for our society and the value of education as an export for our economy dictate that the tertiary sector is now too big to fail. Yet, without a strong coordinated response, both from this Government and its Federal counterparts in Canberra, there is very much a realistic risk of that occurring. On behalf of the CPSU NSW's members, I would like to thank the Committee for its work and wish it well in its deliberations. We are available for questions.

The ACTING CHAIR: Thank you very much, Mr Wright. Ms Odewahn, do you wish to make an opening statement?

Ms ODEWAHN: No, thank you.

Mr DAVID SHOEBRIDGE: I disclose that I am a member of the Public Service Association of NSW [PSA] and also, at some stage in my bar career, I undertook a prosecution on behalf of the CPSU in relation to a breach of an enterprise bargaining agreement by a significant Sydney university.

The ACTING CHAIR: Thank you for that disclosure, Mr Shoebridge.

The Hon. ANTHONY D'ADAM: I disclose on record that I worked for the PSA for 17 years.

The ACTING CHAIR: Thank you, Mr D'Adam. I now turn to Committee members for questions unless the Hon. Courtney Houssos has a declaration to make.

The Hon. COURTNEY HOUSSOS: I have no declarations. I am a member of the Labor Party—there we go. I thank you all for your weighty submissions. I think they go to the heart of the important role that universities have in New South Wales, not only in terms of educating our students but also as economic drivers, particularly in regional areas. I thank you for covering that. I will start with the obvious question which you touched on in your opening statement, Mr Wright. The Federal Government announced a huge program of funding to keep industries going at the start of the COVID pandemic but left out our public universities. Dr Cahill and Mr Wright, can you talk about the effect of that?

Dr CAHILL: Thanks for the question. The effect has been devastating, in short. That is the reason for the crisis that is besetting universities—the fact that the Federal Government has not come to the table with a financial rescue package and has deliberately excluded universities from accessing JobKeeper on the same basis as other charitable organisations. This has meant that universities have cut what we estimate to be thousands of staff already across New South Wales with potentially thousands more to come. It is an act of social vandalism. It is going to undermine the capacity of our universities to deliver on their social mission for years to come because it is going to create budget shortfalls into the future. It is hard to make sense of the reasons for this.

The issues are being well canvassed in the media. It cannot be that the Federal Government is unaware of these issues and yet they have gone out of their way not to help universities. Moreover, the more recent announcement of a new funding and fees package for universities, if implemented in its current form, will result in a further decline in Commonwealth funding per student at a time when universities are in crisis and at a time when they need funding the most. I will just go back to my original statement: It is the universities who train our nurses. It is the universities who train our doctors. It is the universities who train our scientists. The need for Federal investment in universities should be obvious. It has been incredibly damaging—the actions of the Federal Government—with respect to universities.

The Hon. COURTNEY HOUSSOS: Thanks very much, Dr Cahill. Mr Wright?

Mr WRIGHT: I would only reiterate what Dr Cahill said. The decision to exclude universities from JobKeeper is frankly nonsensical and curious. It is particularly strange when you look at—firstly, to start with, other than tourism it is difficult to identify another sector of the economy that is harder hit than tertiary education. Tertiary education represents 40 per cent of our services exports nationally and 9 per cent of our total exports. It is an industry that is vitally important, yet for some reason it has been excluded from a program that is specifically designed to minimise the impact of the pandemic and retain jobs. What we have seen, as Dr Cahill indicated—as a result of not being able to access the JobKeeper program in part but also obviously the pandemic originally—is a massive shrinking of university budgets and job cuts that are following. As with the NTEU, we have been engaged in rounds of negotiations trying to find cost savings. Universities have frozen their capital budgets. They have taken extreme cuts to all sorts of areas of their operations and they are now also having to take cuts to salary expenses.

We have been in negotiations with various universities about looking at enterprise agreements and taking conditions out that might save the university money, with varying degrees of success. Notwithstanding whether that has occurred or not, most universities, if not all—and I can table a document that shows how many cuts have been announced at this stage—have announced quite large cuts in their workforces as a result. The decision for us is particularly galling when you consider—I mentioned in my opening statement that there is a private sector organisation that has primarily been concerned with the recruitment of international students for the sector. It is an organisation called IDP Education and it actively markets and promotes and recruits and does all the logistics to get international students to Australia to study. That company was able to receive JobKeeper. It was able to retain its employees, yet the tertiary education sector and the universities that provide that education were excluded. Make sense of that, if you can.

The Hon. COURTNEY HOUSSOS: That seems like an outrageous situation. I wanted to ask you more broadly a question about what is going on on university campuses at the moment. Obviously as many of us as possible are working from home. That would have had a significant effect on the campuses themselves, which are economic drivers. I have asked the universities this question but I would be interested in your thoughts as well. What is happening on campus? The retail outlets, the hospitality and other outlets that are on campus would have been also suffering job cuts. That is a big part of the economic value that universities provide to the broader State. Dr Cahill, do you want to start?

Dr CAHILL: In terms of the responses to the pandemic and what is going on on campus, most universities moved a lot of their teaching online, which was an appropriate response. It was done at very short notice and in haste. At this point I would like to acknowledge the incredible efforts made by both academic staff and general and professional staff to do that at short notice. I can recall speaking to one of our general staff members at the University of Sydney, who said that she had worked back-to-back 60-hour weeks—because she

is in IT support—in an effort to get these courses online very quickly. They moved online and this has meant that for many campuses, as you say, employment on the campuses has dried up. It has had an impact in regional areas, obviously, because students coming out of area to study in regional campuses have been studying from home as well. That has obviously had a flow-on effect in terms of the economic effects at those campuses, on the surrounding businesses and towns, and on student accommodation as well.

Now, the situation is quite uneven. Some of the campuses are maintaining essentially full lockdown. At the University of New South Wales, as I understand it, students and staff need to get permission to come onto campus. Whereas other campuses like Newcastle and Macquarie, for example, are opening up to business as usual. This has created other problems from a work health and safety point of view. We have actually called in SafeWork inspectors to Macquarie University because our members are concerned that public health orders are not being adhered to at Macquarie University; there is not proper cleaning of workspaces, et cetera. Of course, universities do have an exemption from one element of the public health order, which is to do with the four square metre indoors rule. That is another big issue for university workers at the moment: work health and safety. Whether you are on campus and you want to be safe from COVID or whether you are working from home—and all of the issues that creates for both physical and mental wellbeing—these are concerns that, at some campuses, have not been sufficiently addressed by management. It is a massive fallout from the COVID crisis.

Ms ODEWAHN: I would also concur that at most of our campuses across New South Wales the return to work provisions vary. Some universities are actively negotiating transition arrangements to allow staff and students to return to campus. At my university we are completely in the dark as to when we will be able to return to campus and we also have to gain permission to even enter the campus. That is, in part, a work health safety measure, so that they can focus cleaning on areas where there is limited student access. There are some valid reasons for that to occur. But certainly that hub of activity that exists for students—the local businesses and the small businesses that are set up on that regional campus have no customers. There is no income support for them from the university because they are private organisations, private businesses. It certainly had an impact there. Many of our students who worked in those businesses as part-time employees have lost their source of income, as well.

The Hon. COURTNEY HOUSSOS: Absolutely. We have got limited time, so I am going to ask one quick question: Do both organisations represent staff at private universities or private colleges?

Dr CAHILL: We do.

The Hon. COURTNEY HOUSSOS: Our inquiry has had very little feedback from what is going on in that particular part of the sector. If you could provide us with some feedback, that would be really valuable.

Dr CAHILL: Just briefly, some of those private providers have been devastated by the pandemic. They have been able to access JobKeeper, so they are basically on life support, particularly those who are engaged in adult education in the English language. Their market has almost completely dried up, so they have been on life support. When that life support runs out from the Federal Government we fear massive job losses in that sector.

Mr WRIGHT: We do not have any involvement in the private sector.

The Hon. COURTNEY HOUSSOS: I will hand to my colleague. Thank you very much.

The Hon. ANTHONY D'ADAM: Thank you and thank you all for your appearance today. Yesterday we heard evidence around the extent of casualisation. We had representatives from the University of New South Wales, the University of Sydney and UTS here. The evidence tended to downplay the extent of casualisation. I am not sure whether you heard the evidence or not, but they seemed to downplay the level of casualisation in the sector. I first ask if you would make a comment about what has been put to us, which is that actually the extent of casualisation is overblown, but I also wanted to ask about the job cuts. Maybe I will open that question and then I will come back on the question of job cuts.

Dr CAHILL: Casualisation is rampant in the university sector, but the university managers are desperate to deny the extent of the problem and to shield their employment data from scrutiny. In fact, some of our recommendations go precisely to this point. Universities are not required to disclose transparently their employment data; they are only required to report on a full-time equivalent basis rather than on a headcount basis. So clearly if you are reporting on a full-time equivalent basis that will understate the total number of employees and the full extent of casualisation. We estimate that about 65 per cent of all university workers are in insecure employment, either fixed term or casual. These estimates are based on the reporting that universities do to the Workplace Gender Equality Agency and also the disclosures that the Victorian State Government has required Victorian universities to make about their employment data, which bears out that about 65 per cent of workers are in insecure employment. So the extent is huge.

I can refer to, and we can provide this to you, a letter that we have received from the University of Sydney vice-chancellor, Michael Spence, who I understand addressed the Committee yesterday. We wrote to all vice-chancellors in New South Wales requesting information on their casual employment data and how many casual jobs had been lost during the pandemic as a result of their response to the pandemic. To give credit where credit is due, Dr Spence is the only vice-chancellor who provided us with that information. No other vice-chancellor has, which I think is indicative of the extent to which vice-chancellors will go to keep this information quarantined from public view. Dr Spence, in his letter, told us that there were 9,443 casual staff engaged at the University of Sydney this year. That is an incredible number of casual workers. He also revealed in his letter that the casual staffing budget had been cut by 15 per cent; so that goes to the job losses that have already occurred.

Universities are public institutions and, therefore, they need to be fully transparent about their employment. So one of the things we are asking, which is within the remit of the State Government, is to require full disclosure of that staffing information. In terms of casualisation, this obviously creates insecurity in people's lives; they can be dismissed at a moment's notice if you are a casual, and for a fixed-term worker you only have a certain length of contract. For casual workers also in the academic sphere there is an implication for students' education because casual workers are only paid for one hour of preparation for a tutorial; typically they are on piece rates for marking, that is, they are required to mark, at a generous estimate, about 1,000 words every 10 minutes—that is, mark, form a view and give a formative assessment and record the mark. This is one of the reasons why we believe that underpayment or wage theft is also rampant in the university sector.

We have seen in recent weeks revelations that Sydney university is engaged in an audit of underpayments—it recognises that it has underpaid; UNSW is engaged in an audit of underpayments; and we have recently received correspondence from the University of Wollongong suggesting that they have brought in an external auditor as well to look at underpayments. The precise nature of the investigation is not clear. We also know there has been an underpayments audit at the University of Newcastle and at the University of New England. So this is indicative of some of the problems that are inherent to mass casualisation, and that is mass underpayment of workers.

Mr DAVID SHOEBRIDGE: Dr Cahill, would you mind tabling that? Mr Wright, I think you had a document with some cumulative cuts. Would you mind each of you tabling those respective documents?

Mr WRIGHT: Yes.

Dr CAHILL: Certainly.

The ACTING CHAIR: The secretariat will grab those documents from you, thank you.

Mr DAVID SHOEBRIDGE: Thank you all for your submissions today and the work you do in the sector. Dr Cahill, you may have seen the evidence that we saw from I think at least six of the vice-chancellors or representatives from universities, all readily agreeing to provide transparent information about staffing, full-time equivalent headcount numbers and about the mix between permanent, fixed-term and casual. I assume that would be something you would welcome?

Dr CAHILL: We welcome the commitment. We still think it needs to be mandated by the Parliament to ensure that that is provided on a regular and systematic basis. It is welcome. As we have seen, they have gone to incredible lengths to maintain the secrecy of that. I believe that university managers are incredibly sensitive about that. And I should also point out that university managers have resisted strongly all of our attempts in enterprise agreement negotiations to place limits on casualisation—this has been an issue in the various rounds of enterprise-agreement-making that we have been involved in over the last decade or so—and they have strongly resisted attempts to place enforceable limits on casual employment. Presumably the reason for this is that it is central to their business model. As I said in my opening statement, casual workers were the first shock absorbers in the university sector of the pandemic and this has been a deliberate strategy of risk mitigation pursued by universities over the years, in tandem with their increasing reliance on market-based sources of revenue.

Mr DAVID SHOEBRIDGE: But one of the advantages that I would ask you to comment on would be the benefit if there was a provision, whether it is by regulation or by statute, requiring each of the public universities to include that material, say in their reports, that would provide a level playing field. Would that be something you would support, Mr Wright?

Mr WRIGHT: Absolutely. Share the same experience and not unusually, given I guess we are both industrial organisations in that field, that find it very difficult to obtain transparent and accurate figures from any of the employers. I do think anecdotally that casualisation is far more rampant in the academic sectors than the non-academic, which we cover. I do not think that is a controversial point, but we would appreciate that sort of transparency being applied as it is to other public institutions.

Mr DAVID SHOEBRIDGE: And, Dr Cahill, would you support that additional level of transparency, that not only do we get the overall data but we have the break-up between academic and non-academic staff?

Dr CAHILL: I think it is crucial to disaggregate that data and I think the annual report would be an appropriate place for that to be provided.

Mr DAVID SHOEBRIDGE: We had some evidence from a prior witness, Dr Babones, suggesting that many universities should adopt a model which is teaching only and remove the research from universities. I think he said that prior to 1850—I could be wrong—universities primarily were teaching bodies. Does the NTEU in particular have a view about removing research from public universities?

Dr CAHILL: We do not support that view. Research is what defines a university by law, and properly so. The ability to conduct research and to conduct it freely is at the heart of the university's mission and it is actually crucial to teaching as well. All students, I think, appreciate research-informed teaching, and to move to a system of teaching-only universities I think would be incredibly damaging in the long term to the reputation of Australia's universities, to the quality of teaching, and obviously that would exacerbate those inequalities that exist within the university system already between the group of eight city-based universities and other non-metropolitan and regional institutions, who would be most likely to go down the teaching-only path. So we would not support that.

Mr DAVID SHOEBRIDGE: I was going to ask about the likely impact that would have, especially for regional universities, which would seem to be the most vulnerable if we removed research as an express part of universities' missions. Why are they more vulnerable to the loss of research?

Dr CAHILL: Well, there are historical inequalities that exist within the Australian university system. The Group of Eight—typically the older, wealthier and those which are seen as the more prestigious universities—are able to leverage that in terms of attracting extra research dollars, in terms of being able to pay their staff more, attracting more students, and this creates inequalities particularly in a system which by design through Federal policy mechanisms is meant to be competitive, both for research funding and for student enrolments and student income. So this is where the inequalities come from. In terms of the effects, just one effect to consider for regional universities is that if you were to remove the research component of regional universities, where would the incentive be for universities to engage in research that is specific to the needs of regional and rural Australia? A lot of that research occurs within those regionally located universities. There is a real danger that that sort of research, which is in the public interest, would be lost if we move to teaching focused or teaching only universities.

Mr DAVID SHOEBRIDGE: And indeed we would likely adopt a two-tier system where you have a series of low-prestige, regional, teach only universities and you would increase the disparity with the Group of Eight metro universities. Do you that would likely be the outcome, going down that path?

Dr CAHILL: I think that is absolutely right. Universities see their global rankings as a proxy in the minds of students for the standing and quality of a university and the biggest driver of those rankings is research performance and research output. So if you were to remove research requirements from universities, if you were to move to teaching only or teaching focused universities, then teaching focused universities in the regions—if that is the way they went—would inevitably suffer further declines.

Mr DAVID SHOEBRIDGE: Mr Wright and Ms Odewahn, I saw you nodding. That does not show up in *Hansard*. Did you want to add anything?

Mr WRIGHT: Apologies. No, I completely agree with the NTEU there. Our submission at page 14 contains some examples of regional universities undertaking really important research that matters to those communities and those industries. Charles Sturt University Graham Centre for research into grain production, red meat and viticulture—as the NTEU indicated, where else would that occur? Where else could that better occur than in the countries, industries and areas where that exists? Southern Cross University, where Ms Odewahn is from, has the National Centre for Flood Research at Lismore. Where else would that occur?

Mr DAVID SHOEBRIDGE: Entirely appropriate.

Mr WRIGHT: Yes, entirely appropriate. University of Wollongong has a research hub for Australian steel manufacturing. Research needs to stop being seen as a burden on the sector and a really valuable thing that local communities, local universities and local regions can participate in for the benefit of those communities and economies.

The Hon. MARK LATHAM: My questions are directed to the NTEU. I thank them for the quality of their submission, the recommendations and the conclusion in particular. If I could bring Dr Cahill back to his opening statement that the business model has failed, I agree with that. I was interested where he made brief

mention of deregulation as a contributing factor to the business model failing. What did you exactly mean by that, Dr Cahill?

Dr CAHILL: The deregulation of international and postgraduate student fees, which means, in a context where real funding per student has been in decline over several decades, universities have then sought alternative sources of income and therefore the obvious source of income is those students who can pay full fees. So that is postgraduate coursework students but more significantly, as we know, international full fee-paying students.

The Hon. MARK LATHAM: Okay. And are you saying that is a problem contributing to the failure of the business model because of the overreliance there that has been exposed with the travel bans due to COVID or the fact that it went into funding research empires for overpaid vice chancellors rather than making up for the reduction in government funding per student to put it into teacher quality, student services, support, mentoring for teachers, so less emphasis on student teaching and outcomes and almost exclusively pouring the overseas revenue into research?

Dr CAHILL: It refers to the effects that have been felt due to the pandemic because universities have become over-reliant on market-based and private sources of income. It is a vulnerability that our union has pointed out for many, many years exists and that because of this universities were vulnerable to any market-based downturn. We did not predict that it would be a pandemic; we thought it might be currency fluctuations or downturns in overseas markets. But this has exposed the overreliance on that form of income. And you are right: International student fee income and private income more generally is used to cross-subsidise a range of activities within universities.

Research is one of them. The reason why universities use that income to cross-subsidise research is that Federal funding does not cover the full costs of that research. So you have a vicious cycle where universities are not funded for the full costs of what they do therefore they look for private sources of income and they get that income and they funnel it back into those activities. So the issue for us is not that it is overseas students in particular; it is that the universities have become more corporate in their orientation and forced to rely upon private sources of revenue.

The Hon. MARK LATHAM: What is your read on what has happened to the quality of student life on a university campus in normal times? Because there seems to be a lot of feedback that students do not get much support, it has become very sterile in terms of fraternity and social capital—students just turn up, do not talk to each other, go home. It is hollowed out. Unlike what we would regard as a good campus experience, they have become sad places, very functional, not really living up to the potential of a university to engage people socially and, most importantly, with their academic learning.

Dr CAHILL: I would not agree with that assessment. My observation of universities is they remain incredibly vibrant places. All sorts of activities are engaged in. There is a vibrant staff culture and vibrant student cultures. What I would say, though, is staff are working harder than ever before. Both academic staff and general and professional staff are under incredible workload pressure both now during the pandemic but also prior to the pandemic. And again it comes back down to an issue of funding and university managers sweating their staff more and more for outputs. So staff are overworked. This obviously spills over into student support. But in terms of culture I would say universities remain incredibly vibrant cultures.

The Hon. MARK LATHAM: Do you think per student universities are spending less now on teacher quality and helping with professional development?

Dr CAHILL: I could not comment on that. I can take that on notice.

The Hon. MARK LATHAM: Okay. Do you think universities now per student are spending less on student services and individualised assistance?

Ms ODEWAHN: May I comment on that?

The Hon. MARK LATHAM: Yes.

Ms ODEWAHN: As someone that has spent 20 years working in student support roles within the university I think that universities are spending more money and investing more resources in support mechanisms for students, alternative programs to enable their participation and ensure their equitable access to education. So I actually think that universities are investing more, not less.

Mr DAVID SHOEBRIDGE: It is not all just cheap beer and subsidised barbecues anymore.

Ms ODEWAHN: Certainly not, no.

Mr DAVID SHOEBRIDGE: That is good.

Ms ODEWAHN: It is all sorts of health services and support services that are available to students that certainly were not available 20 years ago.

The Hon. MARK LATHAM: Right. And in an environment where there is less government funding per student, where does that money come from?

Ms ODEWAHN: Some of that funding, probably a large percentage of funding for student support programs, comes from the student services and amenities fees that students pay as a compulsory student fee.

The Hon. MARK LATHAM: Where is the problem of reduced government funding per student having the adverse impact? If it is a vibrant staff and student culture and all these services are being provided, what is the problem here?

Dr CAHILL: Well, there are a few problems. The first was mentioned earlier, which is workloads, increases in workloads. We survey all staff in the sector regularly and concerns about workload intensification, not having enough time to complete the tasks that people are required to do is one of the most commonly reported issues. That is a direct result of the funding squeeze, people having to work harder and work more hours. Another consequence of the funding squeeze is, again what I mentioned before in terms of the turn to insecure forms of work, particularly casual forms of work. As I pointed out earlier, this leads to underpayment for work performed, that is many casual staff are not being paid for all of the work that they do. All of these create problems for the workforce. All of these create problems for, potentially, the student experience.

The Hon. MARK LATHAM: Would not the nature of insecure work and the worries that come with that and the increased workload diminish the staff culture at the universities?

Dr CAHILL: Could you repeat the question, sorry?

The Hon. MARK LATHAM: Would not the worries that come with insecure work, and you pointed to the increased workload, be diminishing staff culture at the universities as people have less time for academic interaction and student interaction because they are so busy with the workload?

Dr CAHILL: I am not sure it diminishes staff interaction. Staff often report feeling very stressed and overworked. But I would not say it diminishes an overall culture in universities, no.

The ACTING CHAIR: Thank you very much for appearing today. Mr Wright, you said in your opening statement, and I believe in your submission as well, that you would like to see the State Government expand programs like the Regional Growth Fund to support universities. As it turned out, and I made the declaration yesterday, on Friday I spent time with the Charles Sturt University. We had an announcement from the State Government for $1 million through the Regional Growth Fund to support their equine centre, stage two. In effect, the State Government is already doing that. How do you respond and correlate that part of the submission with the fact that it is already occurring?

Mr WRIGHT: Our understanding is it has not been necessarily occurring up until this crisis, and if it is now I think that is an excellent initiative by the State Government and is exactly what needs to be done. I would turn our attention to our first cluster, if you like, of recommendations as well, that perhaps the Regional Growth Fund could be used to facilitate either the safe corridor for international students to return and/or also looking at projects and ways that they can return and invest in those local communities, but also looking at the marketing of our universities, both domestically and internationally.

That Regional Growth Fund, as I understand, has rather flexible criteria, or could have more flexible criteria. We would like to see it incorporate and support, particularly those five regional universities a lot more for those regional communities. Those sorts of initiatives are excellent but I think there is a lot more work that could be done that should be done. We have grave concerns, particularly in this crisis, for those regional universities more so than the metropolitan ones. That might be the State Government's lever that it could pull to provide assistance.

The ACTING CHAIR: I would have to confirm, but I am fairly certain that that funding was announced prior to COVID. It was not COVID-linked, it was part of the regional tourism round.

Mr WRIGHT: Okay.

The ACTING CHAIR: With that in mind, there are State Government supports for universities, and regional universities in particular. What do you see as the barriers to accessing further and other funding? What is it you would like to see provided by way of State Government support that is not necessarily provided by, say, the Federal Government?

Mr WRIGHT: Excellent question, and I appreciate that. That is probably our primary concern. We recognise, as we said in our submission and I said today, that unfortunately universities are very much seen as a Federal Government responsibility, the State Government role is minimal. I have grave concerns New South Wales is going to be left behind. We saw a couple of months ago South Australia got on the front foot and straight away organised a secure corridor. They were desperate to get their international students back, and the State Government led that initiative to try and do that. Unfortunately, they have called that off a couple of weeks ago, but we can all be sure that this will not be a Federal response trying to attract students back. This is going to break up in competition between the States and we do not want New South Wales left behind in that race.

I think the State Government has a vital role and I think it is a very unfortunate product of Federation that we are going to be competing with other States for international students, not having a national response in this regard. But it looks clearly like that is going to occur with the way the borders have happened and the restrictions that are in place State by State. We would really like to see the State Government being on the front foot, both looking at ways that they can facilitate the return of international students and their spending and the impact and what they bring to campus, but also particularly looking at that marketing role, that role about how do we market. We market New South Wales internationally as a tourist destination through—I am sorry, that agency changes its name regularly and I regularly forget what it is called at the moment, it is not Venues, it is not Tourism, it is something in there.

The ACTING CHAIR: It is a common occurrence within governments on all levels.

Mr WRIGHT: That agency in the State Government right now has a very pivotal role, and has traditionally had a pivotal role in promoting New South Wales as a tourism destination, both domestically and internationally. We would like to see it doing the same role for education. Tertiary education, like I said, is one of our largest service exports and one of our largest exports overall. We do not want to see New South Wales left behind. We are going to be competing with other States and competing with other countries for that international student dollar. The State Government needs to take the lead on this.

Dr CAHILL: Could I comment briefly on the regional universities as well? You mentioned Charles Sturt University. I just wanted to draw the inquiry's attention to the submission by Charles Sturt University on the last page where they suggest the possibility of changing the requirements and removing any obligation to maintain a certain number of campuses or to have them in particular locations. I think this is one area where the State Government can be proactive in maintaining regional employment, that is maintaining any requirements for universities to have campuses in particular locations.

We are very concerned about the possibility, either because of the pandemic or because of pre-existing financial issues that the universities had, of campus closures in regional New South Wales. Charles Sturt University has a range of campuses throughout New South Wales. We are also concerned about the potential for campus closures at the University of Wollongong and some of its satellite campuses on the South Coast or at Moss Vale. I think, given that the universities are governed by Acts of State Parliament, which regulates such things, that is another area where the State Government can be proactive in maintaining a presence in those areas.

The ACTING CHAIR: We heard from Charles Sturt University yesterday on that issue.

The Hon. ANTHONY D'ADAM: I want to explore that a bit further. It seems to me that obligation sits with just one university, perhaps. Maybe it is also the case with—

The ACTING CHAIR: Wollongong?

The Hon. ANTHONY D'ADAM: —the Southern Cross University. I am not sure. It does not appear to apply to the other universities who have closed campuses. Do you think in order to have a level playing field, given it is a competitive market that we are talking about, that those kinds of obligations need to be extended to those universities so that there is an obligation for, say, the University of NSW or the University of Sydney to maintain a certain number of regional campuses?

Dr CAHILL: Potentially. I think the obligation is to maintain all the jobs that currently exist within universities. It is an absolute imperative. That means resisting campus closures. I think there is going to be enormous pressure on some universities to close campuses. They will see it as an easy way to fix some financial shortfalls, whether created by the pandemic or pre-existing. We know that the impact on those regional communities could be huge and the negative multiplier effects on that throughout regional economies will be massive. I think we definitely need to resist any attempts to close those campuses.

Mr DAVID SHOEBRIDGE: It may have a perverse outcome for some of the regions, if you actively encourage the big metros to compete in their patch, might it not?

Dr CAHILL: Sure.

The Hon. MATTHEW MASON-COX: Thank you for your submissions. I want to ask those from the CPSU, on page 23 you have a recommendation about uncapping domestic student numbers rather than capping international student numbers and placing a restriction on the amount universities are allowed to charge international student fees so they are no more or less valuable to the university than a domestic student. As I understand it, fees for an international students are around about three times that of a domestic student and it is those fees that largely finance the research capability of these universities. Why would we want to charge something similar when the market obviously allows us to charge a multiple, which indeed then goes into funding the research capability of those universities? Why would we want to change that?

Ms ODEWAHN: I think the experience that we are all having now as a result of a global pandemic is precisely the reason why we would want to change that. We do not want to continue to be reliant on international fees to subsidise not only our research but also our teaching of domestic students. The funding caps they we are working under do not cover the cost of teaching and supporting domestic students. It is not simply a research issue.

The Hon. MATTHEW MASON-COX: The perception is that it is largely funding the research capability of the universities. There might be some cross-subsidy for domestic students but it is largely funding the research capability. My question to you is why on earth would we limit the amount of money for that research capability by having the same amount of money as provided by a domestic student, that just does not follow, why would we want to do that?

Mr WRIGHT: I think it is based on our experience that this seems to be a perverse outcome in the current system where international students are valued even more by some institutions than their domestic intake. We have concerns and anecdotal reports that that seems to be where they are putting their efforts and chasing recruitment. It appears to be their overwhelming focus. As Mr Shoebridge said earlier, it is a perverse outcome of the current system that some students are valued more highly than others and it is based on how much they are contributing to the university. I recognise it is a very complicated policy setting but right now we question whether the balance is right and we think that COVID-19, with the restrictions and reduction in international students, has exposed a terrible hole in the system.

The Hon. SCOTT FARLOW: Just picking up on the point that the Hon. Matthew Mason-Cox raised, we had some suggestions yesterday in terms of universities perhaps having a lesser standard expected of international students in the universities because they have that incentive potentially to pass those students. Is that something that you have had reported from your members or seen exhibited on university campuses?

Mr WRIGHT: I would pass to the NTEU on that point. I would say that what our concerns are, given that we cover non-academic staff, our observations through our members and our delegates are the amount of effort put in to recruit international students is disproportionate to the effort to recruit domestic students. That is where our concern comes from. I would pass a question about academic standards to the NTEU.

Dr CAHILL: We are not aware of any specific incidents of a decline in academic standards as a result of the increase in international student enrolments. The issue with international student enrolments is that it is pretty much the only source of revenue increase and a university's extra effort, as Mr Wright says, becomes directed to obtaining that income and the university becomes geared to increasing international student enrolments. Our policy suggestion along these lines is that a university should not be forced to rely upon those international students for income. The university should be funded by the Government to engage in their teaching and research and community service. International students—

The Hon. MATTHEW MASON-COX: Dream on.

Dr CAHILL: I missed that.

The Hon. MATTHEW MASON-COX: That is not going to happen. Let's get back to the real world.

Dr CAHILL: Any dollar invested in universities has a massive multiplier effect throughout the economy. They are an enormous engine of innovation, they are an enormous incredibly beneficial training ground for graduates throughout the economy, universities are essential to our economy. It is a public good. It is really a question of the extent to which the Federal Government wants to fund that public good. By funding that public good a whole lot of perversities that we have been talking about in terms of the operation of universities would be removed, whether it be casualisation or the over-reliance on private fee income.

The Hon. MATTHEW MASON-COX: Whilst I think you are dreaming on the funding side, I will leave that to the side. In terms of your recommendations about the Regional Growth Fund I thought they were very useful. I want to ask you specifically about your experience with the Country Universities Centres, which you mention in your recommendation that perhaps for socio-economically disadvantaged students you could

invest in housing infrastructure on campus at a regional university. I want to put to you an alternative idea that could facilitate investment in infrastructure that allows students to study from their hometown in the form of a regional, if you like, Country Universities Centre that exists in places like Goulburn, which enables students to study there, providing basic infrastructure and access to high-speed data, so that they can live in the community and study and stay in this their community. What is your reaction to that approach?

Mr WRIGHT: From the CPSU's perspective that would be a fantastic outcome and that would be in line with what originally those regional universities were set up to do. They were set up to provide skills to the local regions, skilled workers to the local region, yet somehow I do not know if we are doing that anymore. If you took the University of New England [UNE] out of Armadale what would Armadale look like? If you took Southern Cross University out of Lismore what would Lismore look like? However, is it providing a service to that local community or is its market, as we keep hearing from the universities, they talk about their market, is it the State or internationally, we think they have lost a bit of focus about those regional universities being a service for that region and we would like to see them get back to that.

The Hon. MATTHEW MASON-COX: If I could also add there, in terms of the oversight of the funding for research do you have a view about having a fixed percentage of that funding going towards regional universities, whatever the source of that funding might be, whether government or from other funds provided through here or from overseas student fees?

Dr CAHILL: I might hand to my colleague Paul Kniest on that one.

Mr KNIEST: I do not know that we have come to a conclusion about having specific funding. I think the whole question about research funding is the extent to which the real value of research funding is being maintained. And I am talking about public research funding and the way it is distributed through that competitive research grants system through the Australian Research Council and through the National Health and Medical Research Council. The NTEU has traditionally been supportive of that competitive approach because you tend to get the best researchers doing the best research project. But that does then have other consequences and some of the consequences of that competitive research fund is the fact that at our universities at the moment—I think about 80 per cent of research staff employed at our universities are on limited term contracts. That reflects the reliance on short-term contracts. It has consequences. Dr Cahill made the point earlier that because of historical and geographical reasons of the group of eight universities the larger metropolitan universities tend to dominate the research. At this stage we have not come to a view that there should be a quota for regional universities. It is something that we would need to give more consideration to.

The ACTING CHAIR: That is the end of this session. We have gone over time, so thank you for your indulgence. For any questions that were taken on notice the Committee has resolved to have them returned to us within 21 days. The secretariat will contact you in relation to the questions you have taken on notice.

(The witnesses withdrew.)

(Luncheon adjournment)

DUNCAN TAYLOR, Chief Executive Officer, Country Universities Centre, affirmed and examined

MONICA DAVIS, Director of Education, Country Universities Centre, before the Committee via videoconference, affirmed and examined

BRIAN O'NEILL, National President, Society for the Provision of Education in Rural Australia, appearing before the Committee via videoconference, sworn and examined

CHRIS RONAN, Executive Member, Society for the Provision of Education in Rural Australia, before the Committee via videoconference, affirmed and examined

The ACTING CHAIR: I now welcome our next set of witnesses for this hearing. There is a provision to allow for opening statements. Mr Taylor, would you like to start with an opening statement?

Mr TAYLOR: Thank you very much. If we were to draw a line across New South Wales from east to west and walk along it we would find that in Waverley 45 per cent of the population had university qualifications. By the time we got to Parramatta that would drop to 37 per cent, a little less but still close to the 40 per cent that Julia Gillard said would be fit for the workforces of the future. By the time we reached Bathurst that number would drop to 20 per cent and would be growing fast because of the activities of having university campuses in towns like Bathurst and Orange. But once outside that circle, by the time we reach Parkes, the university qualifications in the population drops to 9½ per cent and then we go through some of the lowest in the State along the river towns—places like Menindee and Wilcannia—and by the time we reach Broken Hill it would be 8.5 per cent. These numbers are not because youth in those areas lack aspiration. They have all the aspirations of metropolitan youth, but they no longer have the expectation that they will be able to realise their dreams, particularly if those involved university education.

As the Chair of Country Universities Centre [CUC] Far West put it when we were establishing a centre there, "For years in Broken Hill we have been lying to our children that they can be whatever they want to be, when they realistically know they can't be because their mum and dad lacked the means to send them away to university." This leads to an impact on economic development firstly, in youth migration so that those youth that do have the means to get away to university leave regional areas and often do not return, not because they do not want to—research shows that they do willingly return to the regional areas if given the opportunity—but because the opportunities in their new locations take them away from returning to the regional areas. That migration of youth means that there is a dearth of young people in regional areas between the ages of 20 and 40 years old. That impacts on the nature of the workforce. It impacts on the knowledge, the qualifications, on the types of services that can be located in regional areas. And it also impacts on the things that are associated with young people in the workforce, like the uptake of technology and productivity measures.

I am proud to come from a community that in 2011 had failed to have a university invest in the town in the way of a university campus and concept designed its own solution. Led by the likes of Snowy Hydro and the local council, the community designed a solution that would fit, that would be community driven and it has operated ever since—and I note this for the Committee—without any money from the New South Wales Government. However, what the New South Wales Government did do was to see how that model could be replicated across New South Wales and scaled into other locations and has done so. Because of that early lead of the New South Wales Government, we have been able to leverage on that funding and bring in other parties, like a foundation, like corporate sponsors, like local government, like universities and, importantly, like the Federal Government that is now providing resources to all these centres. In fact, of all the centres supported by the Australian Government across the nation, 40 per cent of these community-driven centres are located in New South Wales. That is because of the early lead of the New South Wales Government and the leveraging of their early funds.

I thank the New South Wales Government for that and I thank this Committee for its visitations to a couple of the university centres, both real and virtual, for the opportunity to provide a submission and for the opportunity to give evidence today. I look forward to working together with you all so that we might be able to correct some of the inequities that I discussed earlier and so that people's destinies are less predetermined by where they live and so that we can better prepare regional areas for the workforce needs of the future.

The ACTING CHAIR: Thank you very much, Mr Taylor. I will now pass to representatives from the Society for the Provision of Education in Rural Australia [SPERA] for an opening statement.

Mr O'NEILL: Thank you. SPERA commenced 36 years ago. We held our first conference at the University of New England. Our purpose is to advocate for research and promote education in rural Australia. This means not only giving the kids in the bush an equal opportunity, an open smorgasbord for them to choose

where they want to go in life, but it is also to prepare teachers to go and teach in the rural communities so that they are far better prepared and also to prepare and nurses, doctors, engineers who also go to rural communities. We see education in the broadest sense. In addition to our conference that we conduct every year, where we highlight and showcase the latest research and innovative techniques in Australia, we also publish the *Australian and International Journal of Rural Education*, which is rapidly becoming the number one journal internationally for rural education. We do foreground research. We promote research and it is about providing better opportunities.

On a personal level, as a high school principal, I have been teaching for 38 years and I have been principal in a rural school for 21 years. All of my career has been in rural education. For the past six years I have also lectured at a regional university, so I come to this with the school perspective as well as university as well as the national perspective for SPERA. Accompanying me today is Chris Ronan. Chris is a project manager with the Country Education Partnerships. He is one of the authors of our submission and I invite him to speak. Chris, do you wish to speak now or leave it to the questions?

Mr RONAN: I am happy to leave it to questions in the interests of time.

Mr O'NEILL: Fine, so I hand back to you and thank you once again for allowing us to participate in this inquiry.

The ACTING CHAIR: Thank you very much for your opening statement. We will now pass to questions and I will allow the Labor Opposition to open with questions from the Acting Deputy Chair, the Hon. Courtney Houssos.

The Hon. COURTNEY HOUSSOS: Thank you very much, Mr Chair, and thank you to both organisations. I did not have the opportunity to visit the Goulburn CUC and then had a virtual tour of the Broken Hill one, which I have previously seen. I am really interested in the educational support aspects of the CUCs. Do you have any plans to expand your educational support at the moment?

Mr TAYLOR: Our current educational support comes through both centre managers and also through learning skills advisers, who have been generously supported by Vincent Fairfax Family Foundation, in all our centres plus also the coordination with the university teams for teaching and learning and educational support. We will expand the supports that we can provide our students as our resources allow. Obviously, we understand that, operating in regional areas, we are inevitably going to be operating with thin models to be sustainable. Those thin models have to think very carefully about how resources are being used. But within the confines of the resources that we have, the model is actually set up to be there for the academic support of the students as well as other supports like wellbeing so they can succeed academically. It is a very high priority in the CUC to be able to provide that support. We are absolutely delighted to be able to bring on that foundational support to assist us in doing that. I might throw to our director of educational delivery, Monica Davis, who actually leads the academic support team.

Ms DAVIS: Absolutely. We have initiated face-to-face learning skills advice in all of our centres. This offers general academic support. We are very careful to cooperate with our universities and ensure that all content-specific support comes from the university. We have had a great uptake with our learning skills advisers and find that particularly the cohort of students who study in regional Australia do appreciate the face-to-face support. Often our students are mature aged, potentially studying part time and often the first in the family to study, so they have found having a familiar face in a relationship with the support person to be really valuable. In our most recent student survey, we found that 95 per cent of our students who access that support offered by the CUC felt they were more likely to continue with their studies as a result.

The Hon. COURTNEY HOUSSOS: Mr Taylor, I can characterise that by saying that you will provide more if you can, but not necessarily at the moment. How long has the Vincent Fairfax Family Foundation guaranteed their funding for?

Mr TAYLOR: Their funding is for a period of three years across all the current centres that are operating.

The Hon. COURTNEY HOUSSOS: Are those new centres that you are looking at opening in Taree?

Mr TAYLOR: We are looking at opening new centres in Kempsey, Parkes and Ulladulla and a couple more locations that are yet to be announced.

The Hon. COURTNEY HOUSSOS: They are not confirmed with a learning support assistant [LSA]. They are just going to be the centre manager.

Mr TAYLOR: That is right. We will be looking to get resources so that we can provide similar types of academic support in the centres. But, yes, the foundation itself is not providing that support.

The Hon. COURTNEY HOUSSOS: You said three years. When did the funding start?

Mr TAYLOR: The funding started at the beginning of this year.

The Hon. COURTNEY HOUSSOS: Have you sought funding from the New South Wales Government for this kind of learning support or are you just solely looking for philanthropic support?

Mr TAYLOR: We look for support wherever we can get it from. We have not specifically approached the New South Wales Government for this support. We have the supports in our existing centres. Our new centres have not been opened yet, but when they are open we will be looking for sources of funding so that we can put on those academic skills advisers.

The Hon. COURTNEY HOUSSOS: How are you going with universities and trying to get them to directly fund either the LSAs or something else within the CUCs?

Mr TAYLOR: Our first-phase strategy was to go and get three universities in a financial relationship with the CUC, and also provide their academic and learning and wellbeing support. Now I am pleased to say we have ticked that box. By the beginning of this year we had the University of New England, Charles Sturt University and Central Queensland University on board. We will look to deepen the support with those universities and potentially expand it a bit further; however, I do not foresee that we will want to have 35 or 40 Australian universities in partnership agreements with the CUC. The reason is that they actually take a lot of administration to service these university agreements and the universities want, I guess, a decent chunk of the CUC to make the relationship work with them. I think that in future something like three to six cornerstone universities will be a great number for the CUC to be able to provide students with good educational support from those universities and provide resources into the CUC for sustainability.

The Hon. COURTNEY HOUSSOS: Can you give us a rough idea of how much financial funding they give you?

Mr TAYLOR: The funding is actually different under the different service-level agreements that we have with the universities. They are growing. One of the things that we get from the Federal Government is Commonwealth supported places to go and allocate to these universities and we are on a growing trajectory of Commonwealth supported places.

The Hon. COURTNEY HOUSSOS: Do they do their admissions through the CUCs or through the universities?

Mr TAYLOR: These students enrol with the universities and we provide the universities through the Federal Government with an allocation of Commonwealth supported places that underpin our service-level agreements with the universities. That means that universities, for instance, that are operating at their cap in terms of Commonwealth supported places can get extra places working with the Country Universities Centre so that we can expand the number of students in the communities within which we work.

The Hon. COURTNEY HOUSSOS: Can you give us a rough idea of how many extra places there are per institution?

Mr TAYLOR: This is the 2020 year. Amongst the six centres that we have supported that year through the Commonwealth Government, we received, I think, 121.2 Commonwealth supported places. That number is on an upwards trajectory, so it will be greater in 2021 in terms of the established centres and we are also expecting to receive Commonwealth supported places with the new centres that we are opening, because all CUC centres in New South Wales at this point have been supported by the Federal Government in their funding rounds.

The Hon. COURTNEY HOUSSOS: Can I turn to the Society for the Provision of Education in Rural Australia and congratulate you on bringing some scholarly rigour to the question of provision of educational in rural New South Wales or rural Australia, I should say. I wanted to specifically ask you about this idea of collaboration between vocational education and universities in regional areas. Are you aware of areas that do it well and that provide pathways? Because often the first instance that perhaps someone will have is through vocational education and maybe then taking a pathway into university.

Mr O'NEILL: I mentioned in my introduction that I was working part time with a regional university, CQU or Central Queensland University. They are a dual-sector university and they epitomise that pathway quite beautifully where they actually have TAFE courses as well as university. They embed certificate and diploma courses within the degree. For example, in the first year of the Bachelor of Education (Early Childhood), they plotted the requirements for a Diploma of Community Services in childcare, so at the end of their first year in

their Bachelor of Education studies, by doing a childcare practical component, students actually obtain their diploma.

The catalyst for that came from the then dean of education, Professor Helen Huntly, who was talking to students in Bundaberg who were lamenting the fact that they could not get part-time work. Then she drove to Gladstone and heard on the radio that the Police Citizens Youth Club was going to close their after-school and holiday care programs because they could not get qualified staff. She started putting the two together, plotted the requirements for the diploma against the degree and came up with that plan, so they are well on the track of moving those two pieces together. At my school we had the VET as well as Start University Now running concurrently.

Mr RONAN: There are probably two extra points I would add. One is about the ease of transition between TAFE and vocational training and then also the university sector. That is something that has been recognised at a national level for a long time. The 2018 Independent Review into Regional, Rural and Remote Education by John Halsey was sort of a turning point that really pointed that out. This is not new. That challenge is something that we have not been able to overcome and no State has really been able to do that from a regulatory point of view. The second point I would add is: On whose terms do those partnerships come from? For example, often universities can see an incentive in terms of getting more students in the door and there is a commercial element to working on those partnerships, but in rural and regional Australia the power needs to be vested with the community to decide what pathways those students need to go and take. There is a natural tension there between the interests of universities and then the interests of communities when we are talking about that transition through TAFE to university.

The Hon. COURTNEY HOUSSOS: That is a really good point. You talk in your submission that we need to place an increased focus on statewide university collaborations in regional New South Wales, but that they are driven by regional communities, that it is not just about universities setting the tone. We heard a little bit yesterday about the way that UNE and Charles Sturt University have worked to map the State and where they are going to be providing campuses. They used the example of Port Macquarie, where one went in and then the other subsequently pulled out. Have you got examples of this kind of collaboration that we could point to as really good case studies of how this can work in practice?

Mr RONAN: In terms of the really good examples, not so much from a university point of view. If I may, the best way to demonstrate this is in terms of outreach and equity. Widening participation is an activity that universities undertake. They go out into communities, into schools, essentially to "raise aspirations", in inverted commas. To draw on my point before, they already aspire to higher things but these universities do not coordinate those activities. Those activities are supposed to help with the transition for students to university, but often then can surreptitiously become a marketing situation. This is where that idea of coordinated response needs to come to the fore, because in a rural community you may have two or three universities come through the town, go into the schools, do these equity and widening participation activities and then not come back for another 18 months.

Would it not be better to coordinate that, in terms of spreading that out? That is a really simple item. These things do not happen. While universities do coordinate, in terms of where their general territories are, they do not coordinate in their activities. Putting the community at the centre—and I think that is something the CUC is trying to do quite well, which is to coordinate those universities to get that local knowledge and to find collaborative solutions to local problems at the local level. That is what is missing in this. I diverge a little, but I think that is an example of one of the activities that universities do that could be done a lot better.

The Hon. COURTNEY HOUSSOS: You are talking specifically then about the Higher Education Participation and Partnerships Program [HEPPP] funding? Those are the activities that occur under HEPPP funding. We have received evidence in our submissions that there needs to be an expansion of the HEPPP funding, but one of the things that has been put to me is that the HEPPP funding should actually be given to schools rather than to higher education institutions, or to somehow develop that relationship in a way that is closer to the communities that they are seeking to do outreach with, whereas universities might be a bit more removed from that. Would you agree with that?

Mr RONAN: Absolutely. I think it is a very tense question for universities. It is obviously in their interest to partake in widening participation activities. It is big money, and it is increasingly that way. But I think I would add not just schools but also community and not-for-profits. I think they can play a connecting role in how that funding is supported and moves through the community. For example, in the Federal Government changes that are proposed at the moment there is an element that increased funding needs for rural and regional communities need to have an NGO, not-for-profit or some sort of community partnership or industry partnership

in order for it to occur. That puts a little bit more power back into the communities rather than in the hands of the universities, so I would agree with that statement.

The Hon. ANTHONY D'ADAM: Mr Taylor, we had some statistics provided to us when we did our virtual tour of Broken Hill. It seems that predominantly the students who are serviced by Country Universities Centres tend to be mature age students or students who are located in the community. As I understand it, the original purpose of the Country Universities Centre was to stop that brain drain. Can you perhaps provide some comment in terms of what you are doing to actually remedy that issue? Obviously it seems that the original intent, while a noble one, does not seem to be satisfied by the Country Universities Centre model.

Mr TAYLOR: I will start off and then I might throw to Ms Davis. As I just said in my opening submission, remember that the number of degrees held in the community in Broken Hill is 8.5 per cent of the population. Actually there is an enormous job to do across the whole life of people in Broken Hill. Because there has been poor participation for so many years there is actually a large catch-up job to be done in the mature age population as well as the young population. Having said that, what universities have said to us would happen in our model—this is the advice we have been given—is that when you open up a centre, and Broken Hill has only been open for 2½ years, that first flood of people into the centre will be mature age. They will be people who were always looking for a reason to do a degree and suddenly the barriers to them doing it have been partially removed by having a centre in town.

The school-aged children have not seen a centre in operation, so it has been invisible to them. For them to in the first year or two trust their future education to a centre that has suddenly emerged in town means that they will come down in increasing numbers, but it will not be a flood to begin with. That is what all the universities have told us. What we are seeing in our statistics is growing numbers of young people, and that has to happen. For our model to be successful I think we need to see growing numbers of young people using the Country Universities Centre, and that is what we are starting to see.

When we originally started the biggest demographic of students in our Cooma centre was the 25-year-olds to 35-year-olds. Now 36 per cent of our students are under 25; that is actually our biggest group. My expectation—and this is what we have been led to believe by universities—is that group is likely to grow further and faster and the mature ages taper off because they do not replenish, I guess, like the school leavers do. Once all those people who wanted to do a degree have got a qualification then some of those numbers in the mature age category might taper off—so young people increase, mature age drop off. I think that is what we are seeing in the statistics. Ms Davis, do you want to add to that?

Ms DAVIS: Yes, absolutely. Each semester that we have operated more and more younger students have come on board. This semester our numbers are showing us that 40 per cent of our students are under 25. I think we will continue to see growth in that area as the model becomes more established, becomes more well known around town and becomes known as a very feasible option for school leavers.

The Hon. MARK LATHAM: If I could just start with the CUCs and Mr Taylor. On page 13 of your submission you have got six different evaluations going on to look at the CUCs. Can you just give us a guide as to when these are likely to be completed? To me, it looks like a wonderful success story. Why do you need six evaluations?

Mr TAYLOR: Because our funding comes from so many different sources and each of our funders is keen to do an evaluation around their funding. We are actually keen that those funders talk to each other and that we actually get some commonality in the evaluation, particularly because the Federal Government actually harbours a lot of the data for higher education. We are very keen and talking to the NSW Department of Education, for example, that it actually cooperates with the Federal department to be able to get access to the sort of data which will give us a better evaluation about the successes of the model.

Because of the different funding sources, I guess, we are getting a lot of different people wanting to evaluate the model, and universities too. I overheard yesterday the UNE vice-chancellor talk about the fact that she was looking at the success of the UNE students and the model through their marks. Once again, universities—and UNE is now a significant investor into our model—are wanting to see the success of the CUC in return for their investment, and we are really keen to cooperate in that process because we want to see the success of it too. Ms Davis, do you want to add to that?

Ms DAVIS: I will just add that some of the collaborations with universities have invited some really interesting perspectives on the model, digging a little bit more deeply into specific aspects of our support for students. For example, a research study done by CQU focused on the Bachelor of Education mixed-mode delivery and the impact that having face-to-face tutorials in regional areas could have specifically on those students. It is certainly beneficial for us to see that deeper analysis of specific aspects of our models as well. We certainly

welcome collaboration and that external review and scrutiny, which helps us to improve our service but also to document the impact of the work that we are doing.

The Hon. MARK LATHAM: Are any of these evaluations near completion, so the Committee could have a look at them in the short term?

Mr TAYLOR: Just before that, over pages 11 and 12 of the submission, there are some completed evaluations. We have had a research study done by CQUniversity which found that the students in Cooma along with Geraldton—which was a pioneer of the model over in Western Australia—have performed as well as or better than their face-to-face campus students have. For us, it is a really great result that we can get students that are in an online mode of education and lift their success rates to face-to-face campus levels. That was one of the earliest evaluations; I think it was done in 2017. We have also done some internal work which has been peer reviewed and published in a journal and Monica Davis was a leader in developing that paper. We would be very happy to provide to the Committee both that CQUniversity study and also the peer reviewed paper that has been written. Monica, do you want to add anything?

Ms DAVIS: Just that we have just completed our semester one student survey, which shows us a fantastic snapshot of feedback from the students. That is something that we would be happy to share as well.

The Hon. MARK LATHAM: I am sure across the Committee there is a lot of support for the CUCs and what you have done. It is a young model which has only been scaled up in the last couple of years but I think it really fits the direction that tertiary education in New South Wales should be headed with regard to flexibility, personalised student support, the online component and the chance for people to stay with family and friends in their home town. Given that, what would be the top three things that you would recommend that the New South Wales Government should be doing to support this model and roll it out further, with even greater success?

Mr TAYLOR: I think firstly a strategic view between the CUC and the New South Wales Government about where we want this model to be across New South Wales, so I guess the spatial geography, with the smarts of having it strategically located. For instance—and this is just an example—where there are special activation precincts being developed by the New South Wales Government, these models should operate alongside those and provide the qualifications and the knowledge so that those zones can be successful. So the spacing, and I guess how we develop the model for different levels of population throughout New South Wales. Then there is a question of what that model actually looks like in the community. We think the CUC should be an interface between universities, students, the community and local industry, and also governments. This is so that if the Government has intelligence about what are going to be the high-value jobs emerging in those communities, we are actually aware of that. I think the CUC is a signaller back into the community about where the high-value jobs are going to be in the community in five to 10 years, working with the New South Wales Government about what the model can be in each community.

I understand that we are going to operate within resources in regional communities, but we could be doing more. Some of the things that for instance we could be doing include playing a far greater role in careers guidance and advice. One of the things—and it relates back to the point made before about the fact that we do attract lots of mature age students as well as school students—is mature age people in regional areas do not have access to careers advice. One of the great things that we could be doing is actually re-pointing people in their careers in regional areas so that they remain relevant to the workforce. That would be an area, I think, where we could make a lot of traction.

Another area would be in school outreach. It was addressed before by SPERA that there is a lot of duplication of resources in school outreach through HEPPP and other programs and some schools do not get access to any resources at all. The CUCs are a constant presence in town, so we could be that constant presence that coordinates university activities in the community and makes sure that all the schools get access to their fair share of university engagement in the town. For the universities that just come and then do not appear again for another 12 months, the CUC and its staff are there in the town all year round for school students to be able to access. Do you have anything you want to add to that, Monica?

Ms DAVIS: No, I agree that they are definitely the top three priorities.

The Hon. MARK LATHAM: Ideally, then, you would like to co-locate these activations. How do they work and how many have been identified? Please tell me they have something more than flying cars in Dubbo.

Mr TAYLOR: I am not the best person to talk about what the special activation precincts will mean to the regional communities but I do know that there is a fair bit of excitement about them. There is one being developed in Parkes, where we are establishing a centre. There is one being developed in Moree, where we have established a centre. There is one in Jindabyne, which is not all that far from Cooma, where we have established

a centre. They have lined up a bit up until now. I do not know whether the New South Wales Government has further plans around special activation precincts or whether there are more being planned, but I know already there is a bit of matching. That is just an example where if we know where investments are going to be, we can better provide job-ready graduates to fill those valuable positions. But we do need lead time. It takes up to eight years to do a part-time degree, so if a project is going to go ahead and then be done and dusted in three years' time there is not a lot of point in us signalling to a community that that is where jobs will be. By the time our graduates come out in that location, there may well be a surplus of people with those qualifications that are looking for employment in new locations.

The Hon. MARK LATHAM: Just finally, on the careers advice role, how do you see that playing out? Would that be a CUC sharing a careers adviser, say, with a local high school?

Mr TAYLOR: Do you want to talk to this, Monica? You have put a lot of thought into this.

Ms DAVIS: Yes, absolutely. I think there are a few differences between the type of career advice that we would like to offer and that of a local high school. Firstly, for people who have left school, there are not many opportunities to get that advice on where to lift or shift your career. For example, we have a lot of students who come to us and they might say, "Look, I've been a hairdresser for 10 years. I'd really like to refocus. I'm very keen on midwifery and I'd really like to study in that area." The type of advice that they need to hear is—firstly, if they would like to travel for work is the first important thing. The second thing to think about is are there jobs like that in that area, in your region, or would you need to look a little bit more broadly? If there are very few jobs for midwives, and it is a very difficult course, would you be better off studying nursing? Could there be more career progression in that area?

Then breaking down from that, if you would like to do a course for that, what is your best university? Are you better off to have something with local placements? Would you like to have something with flexible degrees or would you like something more structured, with on-campus practical placements? So working through the best options for that person. It is a little bit more tailored than just a school careers adviser, hopefully looking at both those long-term job prospects for a region but also into how that might be the best possible course or university choice for a student. We then work through to the other end of that as well, making sure we can assist those students with placements through their course. We build those connections between industry and the university. As a student approaches graduation, we make sure that they have the skills to be able to then apply for those jobs and that they understand résumés and interview techniques. We can try and facilitate those connections between students and industry to help make sure that those graduate transitions are really smooth.

The Hon. MARK LATHAM: Right. So would you envisage the CUCs having a careers adviser or two or three across the network shared online?

Ms DAVIS: We have looked at a number of options for this. I think that in regional Australia the industries can be quite specific so it may need to be someone with a great understanding of those local industries. Then within that I think it would be just constrained by the resources that we have as to how far we could take that.

The Hon. MARK LATHAM: Okay, thank you. To come to the SPERA submission, point 6 in the recommendations states:

> Encourage collaboration between vocational and tertiary education providers to create diverse education pathways for RRR students.

Boy, this has been going on for a long while now, has it not? The dream of the seamless interface goes back 25 or 30 years. Have you guys got any insight into how this can be achieved that is more effective than the failures of recent decades?

Mr O'NEILL: Mr Ronan, do you want to answer this?

Mr RONAN: Yes, or you can go, Mr O'Neill.

Mr O'NEILL: Okay. I think first of all it is about having another party broker conversations between the two. CUC would be perfect for that; so could SPERA. In fact they need to discuss the articulation between the two because there are so many things. As I mentioned earlier with what Professor Huntley did. You can map the competencies towards degrees and vice versa with that credit so it is highly possible. It is just getting the institutions to talk. CQU was luckier because they are a dual-sector university. I think there are some in Victoria as well. I am not actually advocating that we do that but that is one possible way of getting around it. There are opportunities there for so much collaboration.

If I can just diverged slightly: A lot of universities have dropped the manual arts training because they do not have infrastructure there to do it whereas TAFE colleges have the perfect centres there for construction and

engineering. If universities worked with them they could utilise those facilities to train teachers to become trade teachers or industrial technology and design teachers in schools. So it is about getting them together and having a conversation.

The Hon. MARK LATHAM: You think that the Victorian model is a bit more sophisticated than ours? I think Swinburne is a joint vocational education or university, is it not? We have no equivalent to that in New South Wales.

Mr O'NEILL: And CQU is the only one in Queensland that does it. From what I have seen it is working very well—the one team coming from CQU to talk to high school students about VET options as well as university qualifications.

Mr RONAN: I would just add, if I may, that this is a structural problem. As you say, it has been going on forever. If you look back to the pre-Dawkins era, the colleges of advanced education widely filled that role in terms of there being more technical pathways. Since those Dawkins reviews in the late eighties what we have now is largely a one size fits all university sector and we are now feeling the repercussions of that today. So at a macro level, if you are genuine about starting to break down the transition points, then that is something that has to be looked at. I think COVID has brought universities to start to reimagine their social contract with the communities within which they serve. Now is the time to start asking those questions. That would be the only thing I would add to Mr O'Neill's response.

The Hon. MATTHEW MASON-COX: Thank you all very much for joining us. I certainly appreciate the submissions. I might start with the CUCs. In that regard, Mr Taylor, after having the benefit of coming down to see you in Cooma where it all began I get the feeling that trying to get the funding you need to be the force that you want to be is one of the big challenges you face. You are sort of caught between the different levels of government. Obviously, local government is important to communities. Obviously the State Government has a role to play and in New South Wales has been on the front foot in that regard and the Commonwealth Government has come to the party as well.

Your vision is compelling and your vision in terms of where you would like to see the CUC go across this State and indeed across the country—to support students in country areas who cannot afford and whose families cannot afford the cost of relocating to university—in terms of the strategic review of where you see that model in New South Wales, how many places do you see is optimal? Have you got a picture of how many places in New South Wales you think should be in to provide that service to people or students?

Mr TAYLOR: It is something we are still learning as we are going so I will tell you a few things we have learnt. One is that our students will travel up to an hour to go to a centre—very freely travel up to half an hour, but travel reasonably well up to an hour. When you start talking about where do we strategically locate these centres so that we can maximise access to them that starts to give a bit of guidance about where these centres should go. Obviously we want to encourage direct university investment in towns, so if a university already has directly invested with its own infrastructure in town we do not have any great interest in coming in and, I guess, fragmenting their market. We go to locations that do not have anything at the moment.

The other big question is population size and what the model can look like in different population sizes because that will dictate, I think, the span to which it could be successful. We are learning about that. Certainly we are in places like Cooma, Narrabri, Moree and Leeton, which are towns around with 6,000 to 8,000 people and we have got over a hundred students in some of those locations, which we think is fantastic and we arrived at that number quickly. Interestingly the Federal Government has supported us to go to south-western Queensland into St George and Dirranbandi and that will be a really interesting exercise. St George has 2,500 people and Dirranbandi has 600 people. We will start to learn what a model can look like in those locations and still be sustainable.

It will very much have to use existing infrastructure that is underutilised in those towns—a lot of those towns have underutilised infrastructure—and also be very clever about the staffing and the way the staff work in with the university teams that obviously sit on the payroll of the university. It will be a question that we will get increasingly better able to answer. At this stage what is clear is towns that are 6,000 to 20,000—above 20,000 they tend to have their own university campus or centre in town—strategically that sit more than an hour away from each other would be good. We are getting a lot of communities coming in and asking for CUC centres. I have a list of towns that have approached us, many of which fit that criteria. We have New South Wales Government funding to act on two further locations in New South Wales, which will be of some help, but there will still be other locations in New South Wales that we think will be good locations but we will not have funding from the current funding round to be able to do something for those communities.

The Hon. MATTHEW MASON-COX: Just on that funding issue, you have caught the imagination of the cornerstone universities who provide you with some funding back. As I understand it Dan Tehan has been to see the Federal Minister and the model is looked upon favourably, but how do you get your hands on the Commonwealth-funded placement money, given you are, if you like, the gateway for those credits or indeed the HEPPP funding in relation to where you do some wonderful work with students from Aboriginal backgrounds or low social-economic backgrounds who otherwise would not have a chance in Hades of getting a place without your support?

The Hon. MATTHEW MASON-COX: How do you get access to that sort of funding pool?

Mr TAYLOR: There are a couple of comments to be made, I think. The first one is: If I was to think of utopia in this model, it would be that universities carry the burden of this model. I am not saying that communities should not contribute but universities carry the burden in a de-risked way because universities have chosen not to invest in these towns up till now, which means, presumably, they have seen them as being too risky and that we have to de-risk it for the universities. The way we can do that is to have the facility that all the university students and the community are able to access and the universities cost-share in that facility in proportion to the number of students they have accessing the centre. To me, that is the golden funding model for this.

We are trying to work towards that funding model by the idea of cornerstone universities that are starting to work in that type of way. But there are 40 universities, I think, in Australia and so, as we work around each one and make them comfortable with working with us and show them that this is a low-risk way for them to engage in communities that have too small a population to attract their own direct-to-university investment, we will work towards that model. I imagine that the Federal Government could possibly accelerate that process by working with universities in a way that gets them cost-sharing across the regional universities centre model. If that were to happen and we were to come across a funding model and an incentive system that gets universities in cost-sharing across these facilities, this model will explode, I think. This has got huge potential but we are not there yet.

In terms of things like HEPPP funding, we have made approaches to the Federal Government to say that we think—you look at the equity characteristics of our students. We have 9.3 per cent, I think, Indigenous, whereas the national average is 1.9 per cent for universities. I think the regional university average is just over 3 per cent. We have 54 per cent low socio-economic status, whereas regional universities sit at about 27 per cent. Our students in our centres look like the communities. So where there is 20 per cent Indigenous people in the communities up in the north-west, our centre has 18 per cent participation. Broken Hill, I think the Indigenous population is 9 per cent and our centre has 9 per cent Indigenous participation. So our centres are showing up to be a reflection of their communities and we think we can access these equity groups pretty well—better, I think, than regional universities can from afar.

So if the Federal Government wants to put investment into equity programs to get equity groups participating through the CUC and other universities, I think giving the CUC and other like models around Australia ability to access HEPPP funding so that we can, with our own communities, in the way that SPERA talked about before, provide a community-driven approach to getting better participation in our equity groups than having university funded to, sometimes, just come to town once, lift all the hopes of all the students in the school during their visit and then watch those hopes deflate over the next 12 months as they do not visit the town again. So I think we are laying the foundations, through the CUCs and other models, to be able to get great value out of the equity funding and, in my view, better value than what the Commonwealth Government is getting in many instances through universities.

The Hon. MATTHEW MASON-COX: Just finally, I think part of the challenge here is to simplify your funding model—instead of trying to reach into different buckets for whatever purpose, trying to bring it into some sort of Commonwealth, State, indeed local, government funding agreement, rather than having to start again and work out which bucket to get the money from when somebody comes up with an idea of a new CUC for which there is a clear need. Do you think it would be worthwhile for this Committee to focus on that when trying to work through a funding model for CUCs and a greater profile going forward?

Mr TAYLOR: I think that would be enormously beneficial because, as has been touched on before, we have a number of financial stakeholders. They all have to be reported to, the relationships have to be managed. As was pointed out before, we have evaluations with each of them that have to be conducted and we are trying to do this with light resources because we know this model, to be sustainable, has to be a light touch. So the more that gets chewed up on administration and back-office expenses because we have such a multitude of stakeholders, which, in one sense, I like because these different groups and people are wanting to have some ownership and participation in the model, but if we can simplify it, it will actually become a more efficient, more sustainable model as a result of that.

The ACTING CHAIR: Mr Taylor, I have two quick questions. We are almost out of time. During our virtual tour of Broken Hill and our in-person visit to Goulburn, we heard some amazing facts and figures about Indigenous participation in the CUCs. Will you expand on that and place on record the extent of that Indigenous participation?

Mr TAYLOR: Yes. Obviously, I am not an Indigenous person so I will speak from my understanding and I do not wish to speak for them. But what I would say is that I think a model that supports people to stay in their communities and be able to receive the knowledge, the qualifications and, importantly, the networks—because higher education is an area where you receive networks—and to be able to bring those back into the communities is enormously beneficial. And as I indicated before, Indigenous make-up in our centres seems to reflect the communities themselves: so, as I said, CUC North West, 18 per cent Indigenous representation in the students; Broken Hill, 9 per cent—about 9.3 per cent across the model. So I think this model can be a very successful project as another opportunity for Indigenous people to engage with higher education.

We are not the total solution. I think the solutions for Indigenous communities, as well as regional communities more generally, will be a mix of being able to be supported to stay local and study and also opportunities to go to university campuses and all the experiences that that presents. But the sheer numbers of Indigenous students that we seem to be attracting into the model, I think, is suggestive of the fact that it can be a popular model. Those students have never left their communities and intuitively, I suspect, are more likely to then be able to bring their knowledge, qualifications and networks into their communities for their benefit because they have never left them.

The ACTING CHAIR: For my final question I will channel Mr David Shoebridge, given he is absent. Mr Shoebridge's final question to most of the witnesses who appeared earlier was whether, during this time of COVID, they had taken a structural pay cut. Mr Taylor, are you able to state your income and whether you have taken a pay cut during COVID?

Mr TAYLOR: I am a volunteer in the CUC so I do not receive any remuneration except some defrayment of expenses, but not all. So there is not much pay to take a cut from.

The Hon. MARK LATHAM: You will be paying them!

Mr TAYLOR: The pleasure is all mine in being a volunteer. I actually am really invested in this project. There is no point in me being here if I do not think it is successful. I am better off going back to my own business and not being absent from my own business for the time that I am. But I am a big believer in the potential of this model so to be a volunteer in it is, as I say, an absolute pleasure. Fortunately or unfortunately, there was no pay cut for me over COVID.

The ACTING CHAIR: As we are out of time, I call an end to the session. The Committee has resolved that any answers to questions taken on notice will be returned to us within 21 days. The secretariat will contact you in relation to the questions that you have taken on notice. I thank all witnesses for appearing today.

(The witnesses withdrew.)

(Short adjournment)

MARK SCOTT, Secretary, NSW Department of Education, affirmed and examined

MARTIN GRAHAM, Assistant Deputy Secretary, Education System Reform, NSW Department of Education, affirmed and examined

The CHAIR: Welcome to our final session of the second hearing. I welcome our next witnesses. Would either of you like to start by making a short opening statement? If so, would you please keep it to no more than a few minutes?

Mr SCOTT: Yes. Good afternoon, Mr Chair and honourable members. Thanks for the opportunity of addressing this inquiry. As we discuss the immense value of the tertiary sector to New South Wales I begin by acknowledging that we are meeting on Gadigal land and pay my respect to Elders past, present and emerging, and thank them for their custodianship of the land. As you know, New South Wales is home to 10 public universities—more than any other State or Territory—as well as two interstate universities and 61 non-university higher education providers. We are the home of university education in Australia, with Australia's oldest university, the University of Sydney, established in this Parliament during the reign of Queen Victoria. I know that Vice-Chancellor Spence spoke with the Committee yesterday, along with a number of other vice-chancellors.

The 10 public universities are all established under Acts of this Parliament as autonomous, not-for-profit, independent corporate bodies. In reflecting on this today my attention was drawn to the fact that in Sydney these boards are chaired by eminent business leaders David Gonski, Belinda Hutchinson, Catherine Livingstone and also eminent public servants Martin Parkinson and Peter Shergold, both former heads of Prime Minister and Cabinet. We have outstanding corporate leaders and public servants providing the oversight of these corporate bodies that run the universities in this State. While the universities are established under State legislation, they are regulated by the Commonwealth and they have been since 2012. The Commonwealth is also the main funder of university operations, teaching and research activities.

I think it is fair to say that whilst the Committee will have a broad array of questions and issues that they wish to explore around higher education, the responsibility for very many of the policy settings of universities lie with the Commonwealth Government. Universities face a challenging funding and regulatory environment. They do operate with a high degree of autonomy but there are continuous funding, policy and regulatory changes. They are dealing with a fast-changing market environment and now, of course, they are dealing with COVID-19 uncertainty. At the State level the Minister for Skills and Tertiary Education is responsible for the universities Acts. The New South Wales Government—in particular the NSW Department of Education—works closely with our higher education sector to leverage its knowledge, expertise and its impact on social mobility. The New South Wales Government partners with the higher education sector and other New South Wales Government agencies to collaboratively deliver innovative solutions to the economic, social and environmental challenges we are facing.

These partnerships span the development of industry-leading precincts, world-class research collaborations and whole-of-government approaches to addressing the impact of the COVID-19 pandemic, particularly for international students. The Department of Education also sits across the education continuum, spanning early childhood through schooling into skills and higher education. It works within this area to boost student outcomes. The department works with partners in key areas to support students from disadvantaged backgrounds and students in regional areas to go on to further study, hoping to close skills gaps and encourage students to have high aspirations for the future. Thank you for the invitation to appear today. Tertiary education in New South Wales is some of the highest quality in Australia—as you will have seen this last week, rising in the world league tables—and it is a sector of which we can all be proud.

The Hon. COURTNEY HOUSSOS: Good afternoon, Mr Scott and Mr Graham. Thanks for your time this afternoon. Mr Scott, from a Government perspective does the Department of Education take the lead role in terms of being responsible for universities in New South Wales? Are you the first point of contact? I understand that you convene the Vice-Chancellors' Committee and other such organisations.

Mr SCOTT: I suppose there are two parts to the answer. As far as a point of contact with government, yes, I would think the Department of Education is, through our higher education team. I also recognise there has been a close engagement with Treasury and that Treasury has had a close interest in Study NSW and the role of international students in the sector. Certainly during COVID-19 there has been close engagement by the Minister and by the Department of Education with the higher education sector, but also central agencies, including Treasury.

The Hon. COURTNEY HOUSSOS: And in terms of the higher education team, where do they sit?

Mr SCOTT: They report through to Mr Graham.

The Hon. COURTNEY HOUSSOS: And roughly how many people are in the team?

Mr GRAHAM: It can vary, but about 15 people.

The Hon. COURTNEY HOUSSOS: Are there any other specialised points of contact for universities within the New South Wales Government—any coordinating roles within the Department of Premier and Cabinet or the like?

Mr SCOTT: I will let Mr Graham talk to it more. I think role of the Chief Scientist and Engineer is an important part of contact. There have been a number of initiatives that have been developed in recent years, including the Waratah grants and the new Public Policy Institute. What you can see when you look into the data is a range of contacts across Government, including lots of grants programs with HELP and the like. Mr Graham might be able to give a bit more detail.

Mr GRAHAM: The best example would be the Waratah Research Network. The Government has made efforts to bring together the relationship between State entities in particular and universities. There is a network that is chaired by the Chief Scientist and Engineer, Professor Hugh Durrant-Whyte. There is a formal governance mechanism that starts to bring together this broad-ranging relationship that we have. You would understand that Health and so on have a particular relationship with universities. There are lots of individual relationships where there is a particular State responsibility that has a higher education aspect.

The Hon. COURTNEY HOUSSOS: Thank you. Does the Department of Education or any other part of the New South Wales Government play any kind of coordinating role when it comes to HEPPP funding or the allocation of HEPPP funding between universities?

Mr GRAHAM: That is from the Commonwealth, but we work with universities to join them up with schools. We work as the interface with the public school sector in particular, although we also work with non-government schools.

The Hon. COURTNEY HOUSSOS: In doing that connecting do you actually map where they are going? Do you go, "Okay, we've got these particular schools in this particular part of the State that haven't received a visit and these schools are receiving a visit from three different universities?" Is there anything like that?

Mr GRAHAM: We do not map that activity because universities have a lot of relationships with individual schools, but we have worked with the universities to make sure that they are targeting the right schools. They are actually targeting the schools that have the greatest level of need and perhaps have the most number of students who would benefit from having contact with a university earlier in their career.

The Hon. COURTNEY HOUSSOS: Would you mind providing on notice any other information about that kind of coordinating role that you provide?

Mr GRAHAM: Yes.

The Hon. COURTNEY HOUSSOS: Thanks. Are there any cross-government working groups, or the like, to support universities?

Mr GRAHAM: There is the Waratah Research Network, which is a significant governance body. We meet with the Vice-Chancellors' Committee regularly.

The Hon. COURTNEY HOUSSOS: I am wondering about across Planning or Transport, or anything else like that?

Mr GRAHAM: Different agencies have relationships and they would have, from time to time, university representatives. But I am not familiar with an overall coordinating body.

Mr SCOTT: The issue you are raising was behind the thinking of Minister Stokes when the Waratah grants scheme was created. I think there was a sense that individual agencies, through the commissioning of research and the like, had separate, bilateral relationships with universities. But there was some benefit in coming together, centralising and coordinating that and bringing more of a focus to the State's research effort, and that is what the Waratah grant is designed to do.

The Hon. COURTNEY HOUSSOS: Thanks very much, Mr Scott. Can you tell me when the accelerating research and development inquiry will be finalised?

Mr GRAHAM: I do not have that detail on me. I can get back to you.

The Hon. COURTNEY HOUSSOS: If you can provide that on notice, it will be made public as well.

Mr GRAHAM: Sure.

The Hon. COURTNEY HOUSSOS: Thanks. Can you tell me how many aspirant deals have been signed with New South Wales universities? I am in this case specifically talking about the kind of deals that were signed between the University of Sydney and the New South Wales Government in regards to the Parramatta-Westmead campus.

Mr GRAHAM: In terms of health campuses?

The Hon. COURTNEY HOUSSOS: Yes.

Mr GRAHAM: Yes, we can come back to that. There have been a couple of them, at least.

The Hon. COURTNEY HOUSSOS: And if any of the final agreements have actually been signed on those?

Mr SCOTT: Yes, we can take that detail.

The Hon. COURTNEY HOUSSOS: Thanks very much. Can you tell me how many universities have been invited or travelled as part of official New South Wales trade delegations overseas?

Mr SCOTT: We will take that on notice. Not in recent days, but let us dig into the history for you.

The Hon. COURTNEY HOUSSOS: That would be excellent. If you could provide that for the last three years, that would be very helpful.

Mr SCOTT: Sure.

The Hon. COURTNEY HOUSSOS: I want to ask you about the New South Wales Regional Growth Fund. We have received a recommendation that that should be specifically targeted and expanded to allow for regional universities to provide infrastructure for regional communities. Would that be covered under the current guidelines?

Mr GRAHAM: I am not familiar with the guidelines for the Regional Growth Fund. That is not administered by the department.

The Hon. COURTNEY HOUSSOS: If universities wanted to access that they would just do it through their own means, they would not come through the department?

Mr SCOTT: They would probably do that directly. But we are happy to take that on notice and come back to it.

The Hon. ANTHONY D'ADAM: In your submission I think you say there are only 884 overseas students or international students enrolled in the TAFE system. Could you explain why there is such a disparity in terms of the university sector and their intake of international students and the TAFE students? What does it say about TAFE that it cannot attract international students?

Mr SCOTT: I am not sure it says anything about TAFE. I think it does talk about the business model that clearly is being developed and encouraged by the higher education sector over time. As is well documented, there has been a very significant growth of international students for the higher education sector. That has been a deliberate strategy; that has been a strategy that has been encouraged by governments over the years.

The Hon. ANTHONY D'ADAM: It has been a boon for the New South Wales economy, has it not?

Mr SCOTT: It has been a boon for the New South Wales economy, for the Australian economy, for the export market. It is a vibrant export market, it is the number one service export market, it is the number two export market; it has been very important, and universities have taken that funding and they have put that into research and the rise in the lead tables that we can see and the international standing of Australian universities, a lot of that can be attributed back to the business model that has been encouraged and emerged. I think TAFE has not had a similar model or business imperative. TAFE does have opportunity for international students but it certainly has not assertively courted that market the way that the university sector has.

The Hon. ANTHONY D'ADAM: Why not?

Mr SCOTT: I just do not think it has been a core of the business model of the TAFE system, which is overwhelmingly funded by government, compared to the higher education system. I think if you look at the modelling over time, and I am sure you have seen this, the percentage of university income that has directly come from the Federal Government has declined significantly over the last decade. Over the last two decades universities have been encouraged to find their own funding stream and they have done that by the strong courting of the international market that clearly exists for higher education, and I would say to you that the market that

exists globally for higher education, university education, is of many magnitudes greater than the market that exists for technical and further education.

There is still a strong funding stream that comes from the State Government to TAFE in a way that has not applied as consistently for the higher education sector from the Federal Government, so there has been a strong courting of that international market. I would say to you the numbers in TAFE are not insignificant but they do not compare and they have never compared to the higher education international market, and that predates even this last growth of international students all the way back through the sixties, the Colombo Plan and everything else that we remember.

The Hon. ANTHONY D'ADAM: We have heard earlier today from the Country Universities Centre. It struck me that they are investing in hard infrastructure that looks a lot like the kind of initiative that TAFE is undertaking in terms of Connected Learning Centres and I wonder why is it that there has not been a much more directive approach from the New South Wales Government in relation to providing that type of direct, hard infrastructure for the purposes that Country Universities Centres are undertaking? There seems to have been a gap that has been created by the—

Mr SCOTT: I think what I would say is that the gap that has really strongly existed in regional New South Wales has been by the universities sector. We can name the places where there are university campuses outside Sydney, Newcastle and Wollongong. It would take quite a long time to name the number of TAFE campuses outside Sydney, Newcastle and Wollongong because there has been a strong footprint that has existed for TAFE in the regions, and yes, the emergence of new centres and new provisions as well that we have discussed here at estimates on previous occasions. I think part of the challenge I think the university sector has found is how to ensure that they have an appropriate footprint to be where students are. We have seen through research commissioned by the Department of Education that a student with an Australian Tertiary Admission Rank say of 85 is far less likely to go to university if they are from a regional area than if they are from a metropolitan area.

The Hon. ANTHONY D'ADAM: The gap has been obvious for a long time. The New South Wales Government has this existing infrastructure through the TAFE system. My question really is: Why has that not been utilised at an earlier occasion? We are now allowing the Country Universities Centres to expand. It seems like there is a lot of duplication in terms of the resources.

Mr SCOTT: I take your commentary. I know that, as we have talked about previously, TAFE have looked to expand their footprint as well. I think there has been strong endorsement at a Federal level and a State level of the work that has been done by the Country Universities Centres. But I take on board your open question on how best to utilise the infrastructure that exists.

The Hon. ANTHONY D'ADAM: Can I ask about support for international students during the COVID crisis? I think there was a $21 million fund that was provided by the New South Wales Government.

Mr SCOTT: Yes.

The Hon. ANTHONY D'ADAM: How much of those funds have been accessed to date?

Mr SCOTT: I understand that, based on current volume, about $10 million of those funds will be committed for the approved students to stay in the accommodation for the period of time that there is allocated. So about half of it is set out to go out.

The Hon. ANTHONY D'ADAM: That is in direct support for students, is it?

Mr SCOTT: Yes. This is in accommodation support.

Mr GRAHAM: Yes, that is right.

Mr SCOTT: And there has been more money that has been spent on legal support, food hampers and the like, but the key focus was on providing emergency accommodation needs for international students. So half of that budget has been identified and is peaked to have been spent thus far and we recognise that the challenge continues and there is more money available in that fund that has been identified.

The Hon. ANTHONY D'ADAM: I am happy for you to take this question on notice. The Charles Sturt Port Macquarie campus received some financial support from the New South Wales Government in terms of its establishment. Are you able to provide details about the nature of how that funding was constructed?

Mr SCOTT: Yes, let us get some detail on that.

The Hon. ANTHONY D'ADAM: Obviously, it is a topic that has been canvassed in this inquiry so far around the types of infrastructure support, and my colleague has also touched on that, so perhaps if we could have some information about the Port Macquarie campus investment and how that was structured?

Mr SCOTT: Yes.

The Hon. COURTNEY HOUSSOS: I wanted to ask you about the multiversity proposal for the aerotropolis. We have got lots of different universities coming together and providing something that seems to be innovative and different. How is the New South Wales Department of Education, the New South Wales Government working within that? Are they playing a coordinating role or a supporting role?

Mr SCOTT: I think out of the aerotropolis there are bodies that have been created to look at the development of that site. We are working closely with them; we have had numbers of meetings with them and we are pleased that the universities have signed up to be engaged and to be partners with that. So, in a sense, that body has clear responsibility for some of the planning and strategy around the development of the aerotropolis. We are engaged with them, as are the universities. We are aware of the planning, we are aware of the aspiration, we are aware of the potential partnerships that exist with businesses in certain growth sectors in partnership with the universities and in partnership with TAFE and we are centrally part of those conversations.

The Hon. COURTNEY HOUSSOS: But the universities are fundamentally managing that themselves, their coordination and all that?

Mr SCOTT: No. I think they are working in partnership with us, with TAFE, with the aerotropolis.

The Hon. ANTHONY D'ADAM: In the Charles Sturt University submission they have proposed to remove their obligation around maintaining certain campuses. On notice if you like, unless you have got an answer at hand, have they made representations to the Government in similar terms and what has the Government's response been?

Mr SCOTT: Yes. I note the submission. I am not aware of formal representations at this point from the university around that.

The Hon. ANTHONY D'ADAM: Do you want to take that on notice?

Mr SCOTT: Yes.

Mr GRAHAM: Yes.

Mr DAVID SHOEBRIDGE: Thank you very much for coming, Mr Scott and Mr Graham. Mr Scott, can I just get some details? I think it was announced as a $20 million package for foreign students. Is it a $20 million or a $21 million package?

Mr SCOTT: A $20 million package for international students, yes.

Mr DAVID SHOEBRIDGE: You say that $10 million has been allocated. Your language was opaque.

Mr SCOTT: Well, I am saying that we have students who are taking advantage of the temporary crisis accommodation. I believe under the scheme that can be provided for them for a full 20 weeks. If they take advantage of those 20 weeks, based on the current volume, more than $10 million of that $20 million fund will be acquitted.

Mr DAVID SHOEBRIDGE: Sometime between now and the next 20 weeks.

Mr SCOTT: Yes, that is right. And as more students come in we will model that but we are modelling on the assumption that they take advantage of the 20 weeks.

Mr DAVID SHOEBRIDGE: Can you provide details about how much has been spent on food and legals?

Mr SCOTT: Yes, we can. We will provide that information on notice.

Mr DAVID SHOEBRIDGE: There are estimated to be in the order of about 185,000 foreign students in New South Wales.

Mr SCOTT: Yes.

Mr DAVID SHOEBRIDGE: A $20 million package provides less than $115 per student. Did you do any modelling to work out whether or not that would be anything like adequate?

Mr SCOTT: Well, there will have been modelling and calculations done. I think what is interesting is that this scheme has been announced and has been out there in the field. My understanding is that at the moment there are more than 2,500 applications that have been approved so I appreciate there are a very significant number of international students here. This was funding around crisis accommodation. It would appear to me at this point

we have met that market of need with the funding that has been allocated. If we were overwhelmed by further demand then I am sure that would be looked at closely by government.

Mr DAVID SHOEBRIDGE: So 2,500 applications have been approved. How many have been received?

Mr SCOTT: I think it is around 4,000.

Mr GRAHAM: Just over 4,000.

Mr DAVID SHOEBRIDGE: Does that mean 1,500 have been rejected?

Mr SCOTT: No, some are still in progress. Also some applications did not proceed on the basis they were either duplicates, when finally the application was processed the students declined the offer or they did not respond to the offer.

Mr DAVID SHOEBRIDGE: Alright. Can you give us a full breakdown of that on notice?

Mr SCOTT: Yes, we can.

Mr DAVID SHOEBRIDGE: But I go back to this point: With 185,000 or so—and it may be a little more, it may be a little less—foreign students, a package that spread across those is valued at no more than $115 each. Can you provide us with any details about the modelling or the assessment that justifies such a small package, given it is less than half of what happened in Victoria?

Mr SCOTT: But the package was designed to meet crisis accommodation needs, to provide some level of legal support and advice, and to provide free food hampers as required also. Particularly around the accommodation, which the vast bulk of it, it would appear that there has been significant interest and take-up of that but we are not in a situation now where we are saying to you, "That funding allocation was fully identified, fully subscribed. We have been overwhelmed by that demand." So some money was put on the table to meet the contingency funding required for short-term accommodation and temporary crisis accommodation and we have met that. And we continue to monitor it. If you follow the comments of the Premier and the Treasurer and the Minister and even my comments here today, nobody underestimates the importance of international students and—

Mr DAVID SHOEBRIDGE: Mr Scott, we do not have time for prolonged—

Mr SCOTT: I am just trying to explain to you—

Mr DAVID SHOEBRIDGE: —discussions on the topic. We have eight minutes. We do not have time for a prolonged discussion or a thesis on it.

The ACTING CHAIR: Mr Shoebridge, I appreciate that. However, Mr Scott must be allowed to complete his answer.

Mr SCOTT: I think we are in heated agreement around the importance of international students and trying to provide them with best support. Crisis accommodation was identified as an area of support. Funding was put on the table. That funding seems to have met demand so far but we will continue to monitor that over time.

Mr DAVID SHOEBRIDGE: Can you provide us with the criteria on notice?

Mr SCOTT: Yes, we can. We will provide it.

Mr DAVID SHOEBRIDGE: Thanks, Mr Scott. Do you know how much the State Government has provided of additional support to the university sector since the COVID-19 pandemic has hit?

Mr SCOTT: Yes. It has come in a number of different ways. Let me speak to it and then—

Mr DAVID SHOEBRIDGE: I just wanted the total financial amount—the dollar figure.

Mr SCOTT: Well, a key element of it is providing universities with a line of credit, which is low-interest loans that are available for them so that can help them with funding or liquidity issues as they may emerge. We are talking with universities around that access to the line of credit. That has been a key initiative as well as the international student support. Mr Graham might be able to speak to some of this.

Mr DAVID SHOEBRIDGE: Well, I just wanted the figures. I just wanted how much money has actually been provided, just a figure or if it is two figures. A certain amount has been lent, a certain amount has been granted—two figures. How much?

Mr GRAHAM: The loan guarantee is $750 million—up to that amount—for universities to take advantage of. There has also been $100 million in payroll tax deferral to help these institutions with their cash flow.

Mr DAVID SHOEBRIDGE: So they are both loans: a deferral on payroll tax—

Mr GRAHAM: One is a deferral and one is a loan guarantee.

Mr DAVID SHOEBRIDGE: How much of the $715 million has been accepted?

Mr SCOTT: We are still in discussions with the universities around that. So that is money that is available but the money will be allocated on the basis of bilateral discussions with the universities. We are involved in discussions with a number of universities now.

Mr DAVID SHOEBRIDGE: Putting to one side future conversations, sitting here today how much has actually been lent?

Mr SCOTT: I am not in a position to give you that detail. I can take that on notice.

Mr DAVID SHOEBRIDGE: Could you provide that on notice?

Mr SCOTT: Yes.

Mr DAVID SHOEBRIDGE: I have shown you a document from the CPSU which they provided to the Committee today. They have given a range of funding shortfalls for that series of New South Wales universities. Adopting the lowest range on that, it is some $1.3 billion shortfall in actual income. Given that you have not been able to identify a single dollar that has actually been provided by way of a grant or additional actual payment to universities, are there any strategies to assist universities to meet this $1.3 billion shortfall?

Mr SCOTT: Well, I—

Mr DAVID SHOEBRIDGE: Apart from loans and deferred payroll tax.

Mr SCOTT: My understanding of the evidence that you heard from vice-chancellors yesterday was a recognition of a strong, close working relationship with the State Government around trying to address issues they face. We have worked closely with them on trying our best under these difficult circumstances to provide a secure pathway for international students to be able to return to Australia when the health advice is that they can be returned. Unfortunately the setback in Victoria closed the window that may well have been there for a second semester enrolment but we have worked closely with them on what those protocols might be.

We are working closely with them around their balance sheets and their cashflow issues, which is why access to low-interest loans is so important to them. Numbers of universities have wanted to engage with us on that issue. Payroll tax deferral also addresses a critical issue of cashflow issues for those universities as well. As I said at the beginning, we do not fund these universities. Everybody understands that. The key policy levers affected universities do not lie with State governments. However, we have actively engaged with them, including putting $750 million available to help them deal with the significant funding squeeze that they face.

Mr DAVID SHOEBRIDGE: My last question is: Could you provide us with what the net present value for those funds is, what it actually means in terms of finance?

The ACTING CHAIR: Mr Shoebridge, the time has expired. If there is some time at the end I will allow you to ask that question.

Mr DAVID SHOEBRIDGE: It is not a hard question.

The ACTING CHAIR: Otherwise I will allow you to put it on notice to them.

The Hon. MARK LATHAM: Thank you very much, Mr Scott and Mr Graham. When did the development of the higher education strategy start and when is it expected to be finished?

Mr SCOTT: It started, I think, probably towards the end of last year. I think that work is still continuing. We hope to have consideration of it by government, I suspect, by the close of the year. It has been somewhat overtaken by events, of course, and so we are reconsidering and doing further work on that in light of the COVID-19 experience and the clear impact that that has had on the university sector as well.

The Hon. MARK LATHAM: Is this the first time New South Wales has had a comprehensive higher education strategy?

Mr SCOTT: I am not certain of that.

Mr GRAHAM: Certainly one of this nature.

The Hon. COURTNEY HOUSSOS: No.

Mr SCOTT: It is certainly the first it has been developed in recent times I suspect. It follows through—as I said earlier, I think Minister Stokes was certainly very keen for us to think through what the relationship with the university sectors should be. That was the trigger of the Waratah Research grants initiative, the NSW Public Policy Institute work as well. I think it comes on the back of that.

The Hon. MARK LATHAM: The submission states that the Waratah Research network is a work in progress. When are you expecting that to hit peak effectiveness to be bedded down and get going more than a work in progress?

Mr GRAHAM: It is pretty well advanced at the moment. I would say it is kind of up and running. What we are doing from now is refining and improving it. The key planks are in place, we have the Government's mechanism chaired by the Chief Scientist and we are continuing to work on improvements, like procurement arrangements so that if government departments are purchasing research and so on from universities they do not have to go through long elaborate processes, making it a bit easier for government to deal with universities and easier for universities to deal with government as well.

The Hon. MARK LATHAM: And the Education Strategic Research Fund that is said to launch in 2020, is that still the case? When is that launching?

Mr GRAHAM: That will be launching shortly.

The Hon. MARK LATHAM: Coming back to the overall higher education strategy, it seems that our Committee inquiry is quite well timed then to come up with some good ideas to feed into the strategy and for the consideration of Cabinet. The main feedback we appear to have had from universities over the past two days is the development of a precinct policy, locational clusters. Porter made it famous internationally twenty years ago with his book about competitive advantage, and that would tie together planning responsibilities, infrastructure, regional development funds and education work into certain precincts. Several of these have been developed already. Is this going to be the focus of the higher education strategy?

Mr SCOTT: I am not sure I would say necessarily focused. But I would agree with you. I think what we can see already from the aerotropolis planning, the work that is happening at Westmead around health and the University of Sydney, even developments that we have at Meadowbank where we have schools, TAFE and proximity to universities as well, all of these represent opportunities to think through how you bring together planning. I think, Mr Latham, it is encouraging to see the universities willing to work together side by side in a way—you are a long student of this—that has not long been the history of these institutions, and certainly I do not think it has been the history of these institutions in New South Wales. I think there is an argument that might suggest that in Victoria, even universities like Melbourne and Monash and others have been more willing to work closer together than would have been the history in New South Wales.

The fact that you have got the University of NSW and Wollongong and Newcastle and Western Sydney and UTS all with an interest out at the aerotropolis, that creates a tremendous opportunity for synergy, sharing of expertise and the opportunities for genuine research partnerships as well. If you add TAFE to that mix, and I think on the back of Peter Shergold's report, improve vocational education as well. I think it adds to a very healthy mix. I would say that numbers of these universities are very keen to engage with TAFE as part of this strategy. Then when you get into that inevitable future around things like micro-credentialing, development of student profiles as identified in Shergold's report, all of these things seem timely and appropriate.

The Hon. MARK LATHAM: That is excellent. The precincts will be a focus. What are the other main focuses?

Mr SCOTT: I think the strategy is still in development. We look forward to the findings of the Committee and I am sure the strategy when it is considered by government will then provide an opportunity for further conversation.

The Hon. MARK LATHAM: The loan guarantee scheme, how is that distributed between the 10 universities?

Mr SCOTT: Sorry, I just missed that?

The Hon. MARK LATHAM: The loan guarantee scheme, the $750 million. How is that carved up?

Mr SCOTT: Well, it is not carved up yet. It is a pool of funds that is available for the universities to draw from and there will be a series of discussions that will take place with the department and with Treasury around the mechanisms by which universities will be able to access and draw on that line of credit, and that is the process that is still underway at the moment.

The Hon. MARK LATHAM: Is that no strings attached or is it [audio malfunction].

Mr SCOTT: I think what has been indicated is that we are looking for how universities are going to be strategically engaging with the challenge of their recovery from COVID-19. The idea of the fund is to help universities recover from the COVID-19 impact and then in a sense the discussions that government will be having with the universities as the strategies it may have in place and reforms they have in place to have to deal with that challenge.

The ACTING CHAIR: I am going to interrupt briefly. Mr Latham, could you repeat your last question? We had a drop in audio over Webex and Hansard would like you to repeat it.

The Hon. MARK LATHAM: I asked how the $750 million loan guarantee scheme was being carved up. Then I asked were there any strings attached to that. Is the Government trying to leverage certain outcomes in guaranteeing the loan scheme?

The ACTING CHAIR: Thank you. There may be something covering your microphone. You are sounding very muffled.

The Hon. MARK LATHAM: Is that better?

The ACTING CHAIR: Much better. Thank you very much.

The Hon. MARK LATHAM: My final point is about the status of the overseas student income for our universities. Why do we glorify it as an export income when in effect it is a temporary migration scheme where people fly to Australia, we take their full fees off them, the universities put them into research funds, as I suppose they are entitled to do? I have never understood why this is seen as some sort of amazing creative export industry. What is the creative content here that we are sending overseas?

Mr SCOTT: Let me answer that broadly in a couple of ways. One is, I would say we compete in the marketplace for these students. You can see that there has been an extraordinary growth, almost with the rising middle class, of Asia in particular, there has been extraordinary growth in the number of people who believe that international education will represent a life transforming opportunity for them. Australia, and Australian universities and New South Wales universities compete in an international market for those students, as you would be aware. The United States is aggressive in that market, so is the United Kingdom, so is Canada, and so are numerous other markets as well. In fact, I think one of the interesting questions that emerges on the future of that market is the rising international status of universities, say, within China itself. We are competing for these students.

I think again, as a student of history, you would understand that. If you go back and look at the achievement of the Colombo Plan in the sixties, that was tremendous for Australian society and that group of graduates who went back into Asia with a strong familiarity and understanding of Australia, I think we would view them as valuable exports back into Asia with the experience of an Australian education. There has long been a view that this has been a very, very beneficial asset to us. I think that is why it is seen as an export market. It is a market that we compete in, it is a product, it is a service that we are offering, which gets benchmarked against international standards and faces up against competition. We are clearly taking money out of that market with the fees that are being paid by students, and universities are investing that money in research and also investing that in fact across subsidised domestic students. As a result of all of that I think it is viewed, and economists do see it as an export market. It is an export industry and we are taking an asset that is developed in Australia and finding an international market for it, as is the case with many other export markets.

The Hon. MARK LATHAM: You still have not explained why—

The ACTING CHAIR: Mr Latham, I have to draw you to a close. Thank you.

The Hon. SCOTT FARLOW: We have heard a very good claim for the university sector and the Government, particularly from Vice-Chancellor Spence yesterday, in terms of the Government's cooperation with the university sector. It strikes me though that in terms of that engagement it is something which is across several different apartments and stakeholders in government, particularly Treasury, planning and industry as well. How do you bring all of that together to make sure there is one single point of contact and that you, in education, are across everything that is happening in the university sector as well?

Mr SCOTT: It is an interesting question. I think our aim is not, within education, to centrally control that relationship. If you look at the relationship that the Department of Health has with medical and science faculties with the range of research and partnerships that go to there I think it is great that expertise lies pretty directly with the health and medical experts in the Department of Health rather than that being channelled through the Department of Education. Through the Waratah grants, through our relationship with central agencies, I think

we have good insight into that activity. I think one of the things that we have done in recent years, through the work that was done in creation of the Waratah grants is to map that activity more comprehensively than had taken place before.

Now we have a visibility and an awareness of all of that. What we can do, through the Department of Education, is when issues emerge, as COVID-19 has created, we can then play a coordinating role with different government activities as has taken place now. When there are specific sites or projects that need a coordinated activity, as is the case with the aerotropolis, we can provision that as well. We do not want to stifle the appropriate relationships that take place with academics and with different parts of government but I think at the Department of Education we have good insight on the range of that activity. The vice-chancellors and governing bodies know that they can come to us and ask us to play a coordinating role.

The Hon. SCOTT FARLOW: I want to turn now to the international student argument in terms of the Government support that is offered because of COVID that is now being questioned. Mr Scott, you made mention that it is not like the Government has been overwhelmed with applications and it is not an oversubscribed program. Can you outline what changes have been made to the program since its inception to allow more people to access the program?

Mr GRAHAM: There were some changes to the eligibility for the program. In the beginning there was quite a lot of emphasis on having to prove various elements about your need for crisis accommodation and your job status and that was understood to be restricting the number of people who applied. Once that was loosened that has led to 4,000 applications that have come through, been assessed and led to that commitment of $10 million.

The Hon. SCOTT FARLOW: In terms of the program, the Government, and through you Study NSW and the Department of Education, loosened the requirements to allow more students access to the crisis accommodation support?

Mr SCOTT: That is right.

Mr GRAHAM: That is right.

The Hon. SCOTT FARLOW: What are the requirements now in order to gain access to this support?

Mr GRAHAM: I can provide you with the list of those requirements. They come from Study NSW and we can provide them.

The Hon. SCOTT FARLOW: When I looked on the website I saw that the first requirement was an international student visa, the second was to have lost or be at risk of losing accommodation, and the third is no other avenues of support; from your understanding is that effectively where it lies at the moment?

Mr GRAHAM: That is right.

The Hon. SCOTT FARLOW: The evidentiary requirements have been removed, as has the having less than $15,000 in savings in your account?

Mr GRAHAM: That is right.

The Hon. SCOTT FARLOW: In terms of this program you said $10 million has been expended so far and there is 2,500 students that have been approved?

Mr GRAHAM: That is right. That is $10 million that has been committed. It has not been paid out upfront.

Mr SCOTT: It is a pipeline of $10 million.

The Hon. SCOTT FARLOW: There is room for another 2,500 students to access this support?

Mr GRAHAM: That is right.

The Hon. SCOTT FARLOW: With respect to some of the evidence we have heard with the universities and the amount of international students that remain in the country, one of the challenges is the next intake of international students. We have heard a lot of universities talk about their online delivery models. The University of Sydney said they were happy with the uptake they had in terms of their online delivery model internationally. From a broader economic and cultural perspective in Australia, and New South Wales in particular, that does then limit the multiplier effect in country if these courses are being delivered online. There was some suggestion a while back in terms of some sort of bubble being created for international students to come into the country. Is that something that is still alive and what is the role of the Department of Education in furthering that aim?

Mr SCOTT: Just a bit further to that: I think it is startling the value that international students bring, not just in terms of the tuition fees that they pay and their accommodation costs, but I was startled by the tourism impact of having international students here as families come and visit and travel around the State. There is a very big multiplier effect that, as you suggest, does not come into play where students are learning remotely. To be fair, and I think the vice-chancellor has commented on this as well, part of it is the Australian experience and the question is to what extent do you get the Australian experience when you are learning from an Australian university in your bedroom back at home. I think, clearly limited.

We all have an interest in trying to be able to bring international students back in. We have been working closely with the Department of Health, Health NSW, the chief health officer and with the universities as well to create a window, if in fact we can get agreement and approval, to bring students back in to accommodate then for the period that is required for people who are coming back into the country to allow students to enrol. We had some optimism that in the middle of the year that this window could emerge for semester two intake. Clearly that changed with the second wave that has been evident in Victoria. All the universities would be hopeful, we would all be hopeful, about trying to create opportunities for enrolment, particularly for semester one next year.

Semester one is the larger enrolment window and that will be important to the universities and to their income stream and their balance sheets and these are the issues we have raised earlier. As we have been in all matters dealing with schools and everything else, we will be guided by the advice from Health. There has been a strong cooperative working relationship between the department and the central agencies in New South Wales, Study NSW and the universities themselves to try and create a workable scheme that will bring students in. It depends a bit on the data, the COVID-19 progress, the health advice and we will see what coming months bring.

The Hon. MATTHEW MASON-COX: The New South Wales Public Policy Institute, when are we launching?

Mr GRAHAM: That will be launched soon. The board is under construction. There will be a CEO and that will be launched. The initiative has been announced but the final bits of brick have not been put in.

The Hon. MATTHEW MASON-COX: When do you expect it to be launched?

Mr GRAHAM: Certainly before the end of the year.

The Hon. MATTHEW MASON-COX: The education strategic research fund, how much money will that have and when will that be in play?

Mr GRAHAM: That is specific to the education department. There is not a huge amount of money in that, it is below $10 million. We are going out to universities shortly and we will assess their applications and if they are doing research that aligns with the priorities of the department.

The Hon. MATTHEW MASON-COX: What sort of priorities are you talking about?

Mr GRAHAM: Priorities like pedagogy that improves kids' outcomes, things about school infrastructure, we have big building program and there are ways in which universities can assist us.

Mr SCOTT: We are very keen to close gaps that are evident in teaching and learning outcomes. We see a gap that is evident and has long been established for outcomes between students in rural and remote schools compared to metropolitan schools. We are aware of the gap and outcomes for Aboriginal and Torres Strait Islander students in our schools. We have a range of issues that are outlined in our strategic plan and our business plan that we are keen to get further evidence on, evidence that can inform practice in classrooms to improve learning outcomes over time.

The Hon. MATTHEW MASON-COX: Okay, so that is education specific, which differentially gets it from the Waratah Research Network, which is a broader public research network.

Mr SCOTT: Correct.

The Hon. MATTHEW MASON-COX: And all its elements will be brought together by the actual higher education strategy, which is a work in progress.

Mr SCOTT: That is right.

The Hon. MATTHEW MASON-COX: In that regard, and I know time is limited, I wanted to come to the Country University Centres. We have had some very good feedback and you will probably aware of that in relation to the inquiry so far. It looks like a model that has a lot of community support in the communities that have them to date. There is a rollout going on, both at a State and a Federal level. Do you have a view in relation to where we should be putting these Country University Centres across New South Wales? Do you have a view

as to how many you would like to see in population centres that are not large enough to sustain an independent campus or something of that ilk? Indeed, what do you see as their role in the future as part of the education cluster?

Mr SCOTT: I think it is fair to say we are taking it steadily. We have been very heartened by what we have seen so far. I am advised 1,000 regional students have had access to higher education as a result of these schemes, with over 300 courses delivered. I think it is really interesting the number of different universities that have been keen to engage with us under this kind of model. We are looking for the expansion, as you know, from the initial five. We are still considering where the final location of the additional ones will be and we are going to continue to monitor the effectiveness of these schemes over time. Under our new funding arrangement with the CUCs we have key milestones, reporting requirements and KPIs. We are going to be externally evaluating the impact of this initiative over time.

There is no doubt that there are many regional towns and areas that are keen to get one of these. They are developing their own proposals and they are applying them into a business case. We will have a good approval mechanism that operates as part of this. In a way, it is interesting that the CUC is an independent not-for-profit and so the State Government has thought there is merit in this and has put some money in. So has the Federal Government, but if in fact a community felt there was value in it and they had not received funding for it, there is no reason why they could not establish their own bilateral relationship with a CUC in order to deliver it. We are encouraged by what we have seen in the take-up, we have funded some more, we have a good research and outcome monitoring system that we are putting in place and we hope that the evidence will be strong that this is a good investment and arguments can be made for why more CUCs could have a greater impact to link students in regional areas to higher education.

The Hon. MATTHEW MASON-COX: Mr Scott, one of the challenges, as you would be aware, is it is ensuring that you have a funding model going forward that can sustain the profile in relation to this.

Mr SCOTT: I agree.

The Hon. MATTHEW MASON-COX: As you know, there are a bunch of towns that have put their hands up because they can see what it does for their young people and keeping their young people in their communities and providing them with real jobs linked to the private sector and the employers that live in those communities as well. We will all be watching it very closely, but I want to put to you the idea of trying to crystallise a funding model between the Federal and the State governments—indeed, potentially with local government input. There are obviously workplaces that have an interest in this model as well. I want to gauge your appetite to moving towards trying to crystallise something of that nature.

Mr SCOTT: I think as research continues to come to bear on the inventiveness of this model, we would be keen to have those conversations. In addition to the four partners that you identified—Federal Government, State Government, local government, business—I also think it is an interesting challenge for the universities themselves. One of the things that we have seen through COVID-19 and part of the evidence you heard yesterday was the effective delivery of remote learning using technology. As faster broadband becomes evident around the country, clearly that is an opportunity that opens up to us. There is no doubt that some of our universities, particularly the universities based in Sydney, want to broaden the footprint of students that they draw from. Whilst keeping their standards high, they want to be able to draw more broadly. They are almost geographically constrained in doing that. They have strategies to try to identify students from a broader footprint and the CUCs may offer them an opportunity for that as well, so I would encourage them to be part of those conversations too. But I am hopeful that if we continue to get encouraging signs that could be where we go.

The Hon. MATTHEW MASON-COX: Thank you very much.

The ACTING CHAIR: We have effectively reached the end of the session. However, I am going to allow Mr David Shoebridge to ask a final question in recognition of the collegiate nature with which we work in this Committee and that it was possibly a marginal call at the end of the time.

Mr DAVID SHOEBRIDGE: I appreciate that this is a lovely moment to end on.

Mr SCOTT: Beautiful.

Mr DAVID SHOEBRIDGE: Mr Scott, I was hoping that you could provide on notice what the net present value is of, first of all, the deferred payroll tax and also the proposed low-income loans, assuming they were fully subscribed.

Mr SCOTT: Yes, we will take that on notice. Whilst I still have an open microphone, Mr Chair, there was just one area of government funding that I neglected to mention but I thought was quite significant, and that was in addition to the payroll tax deferral and student welfare, the bank loan, $36 million provided directly by the

Government for additional research funding for which universities could apply for COVID-19-related research and R and D related to innovation around trying to find solutions to COVID-19.

The ACTING CHAIR: Thank you very much, Mr Scott. Once again, I recognise the collegiate nature with which the department and this Committee work. The Committee has resolved to take answers to questions on notice within 21 days, so please return them by that date. The secretariat will contact you in relation to the questions that you have taken on notice. That draws this second hearing of this Committee's tertiary education inquiry to an end.

(The witnesses withdrew.)

The Committee adjourned at 16:02.