

Portfolio Committee No. 3 - Education

Future development of the NSW tertiary education sector

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Terms of reference

1. That Portfolio Committee No. 3 – Education inquire into and report on the future development of the NSW tertiary education sector and, in particular, the impact on NSW of:
 - (a) tertiary education’s economic development role, especially university campuses and Country University Centres (CUCs) in regional NSW,
 - (b) the mission of NSW universities with a particular focus on the role of universities to serve specific geographic communities,
 - (c) the post-pandemic return of foreign student numbers and the financial sustainability and risk management strategies of NSW tertiary education institutions,
 - (d) the quality of university teaching and research, including the extent and impact of insecure employment in the sector,
 - (e) levels of integration of the tertiary education sector with industry,
 - (f) the quality of campus life and student freedom of expression,
 - (g) foreign political interference within the NSW tertiary education sector,
 - (h) the current levels of coordination and/or support provided to NSW universities by the NSW Government,
 - (i) the recent experience with online learning and lessons for the further development of alternative models of tertiary education service delivery,
 - (j) the appropriateness of current NSW legislation regulating, overseeing and enabling tertiary education, and
 - (k) any other related matters.
2. That the Committee report by 24 January 2021.¹

¹ The Committee resolved on 30 November 2020 to extend the reporting date from 30 November 2020 to 24 December 2020, then resolved on 11 December 2020 to extend the reporting date to 24 January 2021.

Committee details

Committee members

The Hon Mark Latham MLC	Pauline Hanson's One Nation	<i>Chair</i>
The Hon Matthew Mason-Cox MLC	Liberal Party	<i>Deputy Chair</i>
The Hon Anthony D'Adam MLC	Australian Labor Party	
The Hon Wes Fang MLC	The Nationals	
The Hon Scott Farlow MLC	Liberal Party	
The Hon Courtney Houssos MLC	Australian Labor Party	
Mr David Shoebridge MLC	The Greens	

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Chair's foreword

There's an old saying that when the tide goes out, we discover who's been swimming naked. The COVID-19 health emergency has exposed numerous flaws in the management of NSW's 10 public universities.

For many years they have been building up overseas student numbers and income, particularly from China, to cross-subsidise their research efforts.

At universities like Sydney and UNSW, where Chinese student income accounts for nearly 30 percent of their overall revenue, there has been an element of empire-building in this approach: abandoning prudent financial risk management in pursuit of the sector's biggest research entitlement, and the over-built mini-city campus buildings that go with it.

Logically, there is no reason why this cross-subsidisation needed to occur. The profits from international students could have gone into enhanced domestic student teaching and support services; or making higher education more affordable and accessible by reducing student debt levels. Instead, Vice-Chancellors have sought the status symbol of the modern research empire.

This has also aggravated inequalities within the sector, as regional universities have not had the same international appeal, student numbers and income capacity as their city-based sandstone rivals.

In any case, the public benefit from these sandstone research fiefdoms is not clear. With the colonisation of the university sector by post-modernist ideology, a growing proportion of the research aims to prove that everything we know about ourselves and our society has been 'socially constructed'.

It is never explained why those who advance this theory have themselves not been socially constructed in their thinking – how they alone have the unsullied insight and intelligence to direct the work of the academy.

This is actually an anti-educational, anti-research doctrine, as it denies the reality of observable truths and scientific fact. It distracts students into constructing hegemony conspiracies about things that are plainly self-evident.

It is also an incredibly elitist doctrine: positioning a small proportion of society as knowing what the rest of society should know. Students are assumed to have a malady of hidden biases rattling around in their brains that need to be taught/indoctrinated out of them, hence the modern university focus on 'safe spaces', 'trigger warnings' and 'micro-aggressions'.

Could a greater mess be constructed in modern Australia? Making our universities more reliant on China, and inevitably more exposed to Chinese political interference, while running down the quality of student teaching and undergraduate outcomes, solely for the purpose of cross-subsidising the post-modernist slosh that comes out of many faculties and research centres?

Let me give an example from my own region of Western and South-Western Sydney where, along with scores of other public representatives, I held high hopes for what the Western Sydney University (WSU) might achieve. Sadly, as it has taken on an increasingly political mandate, it has become more distant from the mainstream values and aspirations of the region's people and business community.

Few families send their children there with any great enthusiasm or expectation. High-reputation universities are still preferred.

WSU's priorities are hard to fathom. Presently they are working on a 'research project' to overturn the NSW Government's decision on Safe Schools, so that more 'gender fluidity' penis-tucking and breast-binding guides can be distributed to boys in Campbelltown, Blacktown and Liverpool.

Earlier in 2020, WSU encouraged its staff and students to sign up to the Black Lives Matter movement without disclosing the dark side of this organisation: its openly neo-Marxist objectives, support for gender fluidity and attacks on the nuclear family. Somehow these things are supposed to be relevant to Western and South-Western Sydney. WSU's founding goals in servicing the region have been forgotten.

What is to be done?

The Federal Government's Job-Ready Graduates Package, enacted in October, is a good starting point. It reduces student contributions for high-employability degrees, as prioritised in the post-COVID economic recovery, while making the post-modernist humanities and their junk courses less attractive. University research grants should be similarly realigned.

More broadly, Federal and State Governments should take the impact of COVID-19 as an opportunity for reconceptualising the delivery of higher education. If the sector were starting over today it would be more flexible and adaptive, more responsive to the needs of Australian students. A higher proportion of learning would be online and delivered locally, building on the highly successful model of Country University Centres (CUCs).

The sector would be more open and subject to competition from new entrants, along the lines of Alphacrucis, Campion College and web-based learning centres in specialised academic fields. For financial risk management and political interference reasons, there would be less reliance on international student income.

Universities would also abandon their edifice complex. The large, fixed campus model of building mini-cities in one location would be scaled down, with the dispersal of infrastructure for two new purposes:

1. Servicing a higher proportion of students in their home communities, making greater use of online learning, as per CUCs; and
2. Integrating university research and capital funding decisions into 'precinct' or 'industry cluster' planning, in tandem with Federal/State Government education, health, transport and regional funding. The approach set out in Michael Porter's highly influential *The Competitive Advantage of Nations* (1990) offers a template for developing this approach in NSW.

The Committee was highly impressed with the CUC model. In a NSW education system overloaded with problems and challenges, it is refreshing to find a successful, community-led innovation like CUCs. Their equity role in facilitating mature age and 'first-in-family' university access is invaluable. Their targeted attention to student learning needs is a sharp departure from large, impersonal campus education. The more CUCs grow and succeed in NSW, the more our higher education system will flourish.

While universities are predominantly federally funded, the NSW Government has important means of leverage in securing improved outcomes for the sector. Our State Parliament still provides the legislative basis for the 10 NSW universities. If any of them ever went broke, their assets would revert to NSW Government ownership.

Moreover, the State Treasurer has secured a \$750 million loan to help these institutions through their COVID-induced financial challenges. As the legislator and now the banker to NSW universities, the State Government should be more proactive in reshaping the sector. Big educational and employment gains are at stake.

Traditionally, State-enabling legislation has given university administrators the freedom to run the institutions as they see fit, subject to basic governance structures and auditing requirements. Given the way in which COVID has exposed multiple university failings, the time has come to consider the boundaries that should be placed around higher education management. Thus this report recommends a review of the State legislative framework.

The Committee's Inquiry is timely in another respect, given the delays in finalising a State higher education policy. Again, COVID has played a role, but the issues are now pressing. The NSW economic recovery requires a successful higher education sector – rebuilding our skills base, R&D capacity and regional development.

There should be no return to the cargo cultism of over-reliance on international student numbers. As much as some might pretend otherwise, higher education is not actually a clever, innovative export industry. It simply imports students to Australia and collects fees from them, often flooding the local labour and housing markets. It's more like a temporary student immigration scheme, the profits from which cross-subsidise research centres.

Universities once reliant on Australian Government funding have made the ill-considered decision to be more reliant on the goodwill of the Chinese Government. COVID-19 and sustained allegations of political interference should put a stop to this folly. After our Committee Inquiry commenced, the Federal Government announced its own parliamentary inquiry into Chinese infiltration of the university sector. Naturally, we defer to this process and urge the NSW Government to take its findings seriously.

Even in the time for preparing this report, Australia's relationship with China has deteriorated sharply, in unexpected and alarming ways. This is the fastest changing and potentially most damaging development in the recent history of Australian foreign policy. While beyond the scope of State Government control, it nonetheless signals a warning light in the management of the NSW higher education sector.

Naïve reliance on Chinese student income and the goodwill of the current Chinese regime are not likely to end well. Financial diversification and risk management have become imperative for the sound finances and sustainability of our universities.

Thus there are multiple concerns about the decision of the Berejiklian Government to apply for the return of 1000 overseas university students per week, starting in 2021. This policy runs the obvious risk of further Covid-19 infections seeping out of the Sydney hotel quarantine system (triggering additional damage to public health and the NSW economy), plus repeating the past mistakes of over-reliance on university income from China.

I trust this report and its recommendations will assist the Government in finalising the much-needed NSW Higher Education Strategy. Intellectually, it's a fascinating time for policy makers in rethinking the sector's role.

It should also be noted that, in inquiring into NSW tertiary education, the Committee focused primarily on the university sector. Due to limited time and resources, we were not able to give the attention to vocational education that was originally envisaged. The Committee nonetheless highly values the trades and vocational qualifications and will most certainly inquire into this sector later in this term of parliament.

I sincerely thank the Committee members, university leaders and interest groups that participated in the Inquiry, especially the CUCs that hosted visits to their facilities. I also pay tribute to our excellent Legislative Council Committee Secretariat who organised the inquiry and assisted in the drafting of this report.



Hon Mark Latham MLC

January 2021

Recommendations

- Recommendation 1** **10**
 That the NSW Government improve university transparency and enhance annual reporting. This should include data on reliance on international student income, overseas student numbers in each course, staffing job security and the staffing balance between teaching and research-only.
- Recommendation 2** **10**
 That the NSW Government initiate a comprehensive review of the State legislative framework in light of COVID and the recommendations of the committee.
- Recommendation 3** **11**
 That the NSW Government expand the responsibilities of the NSW Auditor-General to grant the NSW Auditor-General a broader brief and stronger investigative capacity to ensure university financial and staffing management is transparent, effective and acting in the public interest, especially regarding reliance on international student income and the salaries paid to Vice-Chancellors and senior university administrators.
- Recommendation 4** **21**
 That the Department of Education consider the findings and recommendations of this inquiry in finalising the proposed Higher Education Strategy and make the Strategy publicly available as soon as possible.
- Recommendation 5** **21**
 That the NSW Government develop a model of precinct or ‘industry cluster’ planning to maximise the potential of its education, health, transport and regional development investments linked to universities, TAFE and private tertiary providers.
- Recommendation 6** **22**
 That the NSW Government reinstate and extend the Boosting Business Innovation Program to support business-university collaboration, noting the program’s demonstrable effectiveness and criticality in emerging economic circumstances, particularly for suburban, regional and rural areas of NSW.
- Recommendation 7** **22**
 That the NSW Government mandate that universities provide a more detailed report of their staffing profiles, including a requirement that data be provided on permanent, fixed term and casual staff levels in terms of both headcounts and full-time equivalents, modelled on the Victorian reporting requirements.
- Recommendation 8** **22**
 That the NSW Government foster a more competitive higher education sector, easing the way and providing support for new entrants, ensuring greater diversity and student choice in the sector, compared to the traditional fixed-campus model.
- Recommendation 9** **34**
 That the NSW Government offer support for more education places to be provided locally in Western Sydney to meet increased demand through projected population growth and to improve access and equity in Western Sydney, noting the shortfall problem in Blacktown in particular.

- Recommendation 10** 35
That the NSW Government offer targeted support to universities and other tertiary institutions delivering higher education in areas of community need such as outer-metropolitan, low-SES and disadvantaged communities, recognising the broader socio-economic benefits delivered to local communities through higher education access.
- Recommendation 11** 35
That the NSW Government advocate to the Federal Government to retain tertiary education facilities within Blacktown and grow these facilities and provide new facilities that are at least proportionate to population growth.
- Recommendation 12** 35
That the NSW Government ensure that the disposal of assets and land earmarked or being used for educational purposes is to occur as part of the NSW Government planning process.
- Recommendation 13** 35
That the NSW Government provide support to NSW vertical universities to ensure that student life and experience is not diminished in new and existing vertical campuses.
- Recommendation 14** 35
That the NSW Government require universities to report on the quality of student life and experience, particularly in vertical campuses.
- Recommendation 15** 35
That the NSW Government develop a plan for university course offerings across regional and Western Sydney to ensure access to opportunities are provided in a wide range of fields of study.
- Recommendation 16** 35
That the NSW Government support local government access to and use of university facilities to improve operational efficiencies and to expose residents to university life and tertiary education possibilities. This should include advocacy to the Federal Government to increase Local Council access to university facilities and review of the Local Government Public Private Partnership guidelines to enable innovative arrangements with the tertiary sector.
- Recommendation 17** 36
That the NSW Government prioritise support for CUCs in its forthcoming Higher Education Strategy.
- Recommendation 18** 36
That the NSW Government engage with the CUCs about where future centres should be located, and support CUCs to provide careers guidance and advisory services.
- Recommendation 19** 36
That the NSW Government negotiate and coordinate strategic HEPPP engagement with schools between the Federal Government and universities.
- Recommendation 20** 36
That the NSW Government consider how to better support university efforts to increase enrolments of students from disadvantaged backgrounds, including school programs (run by Directors Education Leadership and complementary to HEPPP) that assist students and parents

from disadvantaged schools become familiar with university opportunities, culture and academic life, as a pathway program for these students.

- Recommendation 21** 55
That the New South Wales government engage with universities and the Federal Government to develop a means by which New South Wales universities can diversify their revenue base to avoid any potential over reliance on foreign students and particular source countries.
- Recommendation 22** 55
That the NSW Government extend the powers of the New South Wales Auditor-General to audit the state's international education sector and make recommendations to universities as part of their annual audit of university finances, especially concerning risk management, income diversification, economic resilience, and reliance on international student income.
- Recommendation 23** 55
That the NSW Government require NSW universities to publish comprehensive international student data by course, country and study program through the NSW Auditor-General audits and annual reporting to the responsible NSW Minister.
- Recommendation 24** 55
That the NSW Government advocate to the Federal Government to investigate requiring universities to implement a minimum independently-assessed IELTS standard of 7.0 for admission to all university courses, and increasing the requirement to 7.5 for language-intensive courses.
- Recommendation 25** 55
That the NSW Government investigate the use of foundations programs at universities, to ensure that they are fulfilling their mission.
- Recommendation 26** 66
That the NSW Government consider funding all or part of the Alphacrucis Hub model proposal.
- Recommendation 27** 66
That the NSW Government collaborate with tertiary education providers to ensure compliance with privacy laws in the use of online learning and assessment tools.
- Recommendation 28** 82
That the NSW Government expand the remit of NSW Fair Trading to cover share houses and informal tenancy agreements.
- Recommendation 29** 82
That the NSW Government initiate reforms to make NCAT more accessible via teleconferencing/videoconferencing.
- Recommendation 30** 82
That the NSW Government codify the Robert French free speech recommendations in NSW statutes covering universities.
- Recommendation 31** 82
That the NSW Government consider complementary legislation to provide uniform protections provided in the Higher Education Support Amendment (Freedom of Speech) Bill 2020, if passed.

- Recommendation 32** 82
That the NSW Government outlaw non-platforming of academics, staff and guest speakers at universities.
- Recommendation 33** 83
That the NSW Government broaden the coverage of the New South Wales *Public Interest Disclosures Act 1994* to provide these protections for students as well as university officers or employees.
- Recommendation 34** 83
That the NSW Government clarify whether certain laws or requirements apply to universities, as statutory corporations.
- Recommendation 35** 83
That the NSW Government advocate to the Australian Government to clarify the application of federal legislation to universities.
- Recommendation 36** 83
That the NSW Government ensure the rule of law and the processes of the NSW criminal justice system are respected by universities in dealing with alleged sexual offences. Universities must use the NSW Police as their first and most important point of reference in dealing with any allegation of the law being broken, in all instances, for all allegations. In particular, NSW universities must respect the presumption of innocence and not create their own ‘Kangaroo Court’ and tribunal processes that circumvent the rules and standards of natural justice established at law by the NSW Parliament. The NSW Government should establish a legal protocol for universities to follow in this regard and, if universities chose to ignore or breach it, the protocol should be legislated as mandatory for NSW universities.
- Recommendation 37** 83
That the NSW Government, as part of the broader legislative review of universities recommended by this committee, consider the current processes and policies in place at universities for the investigation of sexual offences.
- Recommendation 38** 97
That the NSW Government consider legislative and/or policy reform that responds to the findings and recommendations of the Federal Parliamentary Joint Committee on Intelligence and Security's Inquiry into national security risks affecting the Australian higher education and research sector.
- Recommendation 39** 97
That the NSW Government ensure that all recommendations of the NSW Auditor-General's 2019 financial audit of universities are implemented immediately.

Conduct of inquiry

The terms of reference for the inquiry were self-referred by the committee on 28 May 2020.

The committee received 42 submissions and one supplementary submission.

The committee held two public hearings at Parliament House in Sydney.

The committee conducted a site visit to the Country Universities Centre in Goulburn and also conducted a virtual site visit to the Country Universities Centre in Broken Hill.

Inquiry related documents are available on the committee's website, including submissions, hearing transcripts, tabled documents and answers to questions on notice.

Chapter 1 **The New South Wales tertiary education sector**

This inquiry into the future development of the New South Wales (NSW) tertiary education sector began on 28 May 2020. Only a couple of months earlier, the COVID-19 pandemic significantly changed the operations of tertiary education providers and the experiences of its employees and students, both domestic and international, with a rapid move to online and socially distant modes of learning and unprecedented restrictions on mobility and travel.

The tertiary education sector is critical to the economic and social development of the state, and its success contributes to the prosperity of communities and the creation of livelihoods. The Department of Education considers that the term 'tertiary education' includes universities, non-university higher education providers, and vocational education and training (VET) providers.² This inquiry has focused on the role of universities and non-university higher education providers, including the challenges facing the sector.

This inquiry also received evidence about the problems facing the tertiary education sector, including reliance on international student fees and vulnerabilities to foreign interference, particularly from China. Parties to the inquiry raised concerns about whether it was in the interest of the NSW and Australian public for educational institutions to function as export industries or large-scale research bodies, in the context of a lack of competition in the sector and lower investment into the education of local students.³

The significance of the NSW tertiary education sector

- 1.1** The significance of the university sector was acknowledged by many of the parties and witnesses that presented submissions and evidence to this inquiry. In NSW, there are a dozen universities operating, with campuses in over 25 locations.⁴ Universities were portrayed as public goods, job creators, drivers of innovation and research, and supporters of industry and local communities. Dr Damien Cahill, the National Tertiary Education Union (NTEU) Assistant Secretary, told the committee:

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.⁵

- 1.2** The Secretary of the Department of Education, Mr Mark Scott, told the inquiry that the state is unique in the size and quality of its tertiary education sector:

² Submission 35, NSW Government, p i.

³ Submission 8, Dr Salvatore Babones; Submission 31, Alphacrucis College.

⁴ Submission 35, NSW Government, p i; Evidence, Mr Mark Scott, Secretary, NSW Department of Education, 8 September 2020, p 38.

⁵ Evidence, Dr Damien Cahill, Assistant Secretary New South Wales, National Tertiary Education Union, 8 September 2020, p 17.

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...⁶

- 1.3 However, by contrast, Dr Salvatore Babones highlighted the negative impacts he perceived related to the high levels of international student enrolments and research activity within the NSW tertiary education sector.⁷ In his evidence to the committee, he indicated that it is important to consider what the purpose of universities is:

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.⁸

- 1.4 NSW also has Australia's largest public Technical and Further Education (TAFE) provider, which now provides both higher education and vocational education and training (VET). There are also nearly 1,200 community-based and private registered training organisations operating in the state's tertiary education sector.⁹

The delineation between state and federal jurisdiction

- 1.5 The Australian Government has 'primary responsibility for the funding, regulation and reporting of Australian universities',¹⁰ and federal state and territory governments have shared responsibility for VET policy and funding in their respective jurisdictions.¹¹ Mr Mark Scott, Secretary of the Department of Education, noted that:

The 10 public universities are all established under Acts of this Parliament as autonomous, not-for-profit, independent corporate bodies... 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... 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.

⁶ Evidence, Mr Mark Scott, 8 September 2020, p 38.

⁷ Submission 8, Dr Salvatore Babones.

⁸ Evidence, Dr Salvatore Babones, 8 September 2020, p 13.

⁹ *Education*, NSW Government Industry Sectors, <https://www.business.nsw.gov.au/industry-sectors/industry-opportunities/education>

¹⁰ Submission 35, NSW Government, p i.

¹¹ Dr Hazel Ferguson, *Tertiary education—where to for reform?*, https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook46p/TertiaryEducation

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.¹²

1.6 Whilst the Commonwealth is the main funder of universities in NSW, the NSW Government nevertheless plays a significant role in oversight, coordination and facilitation of the development of the state's tertiary education sector. This inquiry has investigated the levers that the NSW Government could use better to support the transparent operations and public benefit of higher education, as well as issues to advocate with the Australian Government.

1.7 The NSW Government is responsible for 'administering the legislative responsibilities of the state's public universities as well as ensuring ongoing engagement with the NSW Vice Chancellor's Committee, other states, territories and the Commonwealth on policy and implementation issues'.¹³

1.8 Dr Michael Spence, Vice-Chancellor and President of the University of Sydney, explained the impact of the Act on the operation of the university:

As the Act explains, the university exists to further the teaching and research objectives of the State. That is a responsibility we take very seriously. Our annual report is tabled in the New South Wales Parliament. We answer to a New South Wales Minister despite receiving funding from the Federal Government. We work really closely with the New South Wales Government in order to understand its goals and to identify opportunities to work together.¹⁴

The role of the NSW Government in the tertiary education sector

Universities

1.9 The ten public universities in NSW that are established by Acts of the NSW Parliament are:

- Charles Sturt University (CSU)
- Macquarie University
- Southern Cross University
- University of New England (UNE)
- University of NSW (UNSW)
- University of Newcastle
- University of Sydney

¹² Evidence, Mr Mark Scott, 8 September 2020, p 38.

¹³ *Higher education and tertiary policy* (28 November 2019), A New South Wales Government Website – Education, <https://education.nsw.gov.au/about-us/our-people-and-structure/higher-education-and-tertiary-policy>.

¹⁴ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 3.

- University of Technology Sydney (UTS)
- University of Wollongong (UOW)
- Western Sydney University (WSU).

- 1.10** The NSW Auditor-General has oversight functions in relation to the financial statements of these ten NSW universities and their controlled entities under the *Public Finance and Audit Act 1983*. Annual reports from each university are also provided to the NSW Treasurer and the responsible minister, as required by the *Annual Reports (Statutory Bodies) Act 1984*.¹⁵
- 1.11** The submission from the NSW Government indicated that the 'acts are very similar and have been subject to broad reforms over the last ten years. The tenor of those reforms was to give universities greater independence, improve governance and... more consistency'.¹⁶ The reforms have included:
- The *Universities Governing Bodies Act 2011*, which modernised university governance and standardised governing body provisions. By 2019, these reforms were adopted by all public universities and the Act was repealed.
 - The *University Legislation Amendment (Regulatory Reforms) Act 2014*, which granted the public universities more flexibility in their financial management, land dealings and governing body election procedures.
 - Minor amendments made to the Acts to address specific issues such as the change of name for Western Sydney University.¹⁷
- 1.12** Beyond the regulation of the ten public universities, the NSW Government submission indicated that the Government works closely with the higher education sector, including private and non-profit providers. That work includes collaboration on research and projects, as well as engagement with the tertiary education sector and industry.¹⁸ The existing NSW Government initiatives and recommendations for reform are covered in more detail in the relevant chapter.
- 1.13** All universities and other providers of tertiary education in NSW are subject to the state's general legislative frameworks, such as anti-discrimination and privacy protections, criminal prohibitions and workplace health and safety laws.¹⁹ The NSW Government also regulates and provides services that impact on the tertiary education sector, including transport and housing.

TAFE NSW and non-government providers

- 1.14** This inquiry focused on the higher education sector, particularly universities. However, the committee notes that TAFE NSW and private providers of higher education and VET are significant contributors to the tertiary education sector.

¹⁵ Submission 35, NSW Government, p 4.

¹⁶ Submission 35, NSW Government, p 4.

¹⁷ Submission 35, NSW Government, p 4.

¹⁸ Submission 35, NSW Government, p 1.

¹⁹ Submission 35, NSW Government, p 5.

- 1.15** TAFE NSW is the NSW Government's public provider of VET under the *Technical and Further Education Commission Act 1990*. Annually, half a million students enrol into TAFE courses and training across its 130 locations or online.²⁰ Importantly, TAFE NSW's extensive footprint across the state enables it to provide education and training opportunities in regional and remote communities, as well as pathways to employment and further learning in lower socio-economic areas.
- 1.16** As the Department of Education informed the committee, the VET sector is currently subject to a number of independent and government reviews at both state and federal levels. These include the Review of the NSW Vocational Education and Training Sector being conducted by David Gonski AC and Peter Shergold AC, and the Commonwealth Productivity Commission's review of the National Agreement for Skills and Workforce Development.²¹
- 1.17** The Review on the NSW Vocational Education and Training Sector was temporarily paused due to the COVID-19 pandemic but recommenced on 1 July 2020.²² The Productivity Commission's final report was provided to the Australian Government on 15 December 2020, with public release scheduled for January 2021.²³
- 1.18** Since 2011, TAFE NSW has delivered higher education programs alongside its VET offerings, with a focus on qualifications that have strong ties to vocations and industry needs. TAFE NSW currently delivers 31 accredited higher education programs and six higher education programs on behalf of university partners. All students in TAFE NSW's higher education program pay full fees but domestic students may access FEE-HELP. In 2019, domestic and international student enrolments were 2,399. This year, as part of the Commonwealth Government's COVID-19 higher education relief package, TAFE NSW secured Commonwealth Supported Places to deliver two online short courses.²⁴
- 1.19** The tertiary education sector is also comprised of a large number of community-based and private educational and training institutions. The inquiry received very little evidence on this aspect of the sector, with Alphacrucis College being the only private institution to make a submission. Dr Damien Cahill from the NTEU informed the inquiry that:

some of those private providers have been devastated by the pandemic. They have [not] 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.²⁵

²⁰ *About TAFE NSW*, TAFE NSW, <https://www.tafensw.edu.au/about>.

²¹ Submission 35, NSW Government, p i.

²² *Review on the NSW vocational education and training sector*, Strategies and reports, <https://education.nsw.gov.au/about-us/strategies-and-reports/our-reports-and-reviews/review-on-the-nsw-vocational-education-and-training-sector>.

²³ *Skills and Workforce Development Agreement*, Australian Government Productivity Commission, <https://www.pc.gov.au/inquiries/completed/skills-workforce-agreement#report>.

²⁴ Submission 35, NSW Government, p 5.

²⁵ Evidence, Dr Damien Cahill, 8 September 2020, p 20.

The role of the federal government

- 1.20** The federal government manages the funding, regulation and reporting of the university sector through the Australian Government Department for Education, Skills and Employment (DESE) under the *Higher Education Support Act 2003 (HESA)* (Cth). The federal government supports Australia's higher education system through a range of 'policies, funding and programs'.²⁶
- 1.21** The Tertiary Education Quality and Standards Agency (TEQSA) is the independent national quality assurance and regulatory agency for higher education, including approval and registration of providers of higher education. The relevant legislation is the *Tertiary Education Quality and Standards Agency Act 2011* (Cth).²⁷
- 1.22** The federal government provides a number of programs and infrastructure to support the tertiary education sector, including:
- the Higher Education Loan Program (HELP), with five different loan schemes offering financial assistance to students
 - the collection and dissemination of statistics about tertiary education at all Australian institutions
 - the Higher Education Participation and Partnerships Program (HEPPP) to increase the participation in higher education of students from low socio-economic (SES) backgrounds
 - Regional University Centres that operate as hubs for students in regional and remote Australia to access study spaces, computers and academic support services
 - the Research Infrastructure Investment Plan that supports research infrastructure plans with \$1.9 billion as part of a 12-year infrastructure funding envelope.²⁸

Federal reforms of the university sector and the 2020-21 Federal Budget

- 1.23** On 19 June 2020, the Australian Government announced its Job-ready Graduates Package, which proposed reconfiguring the cost of university courses based on their tangible links to employability in sectors that are considered a national priority and to aid post-pandemic economic recovery.²⁹ The legislation was passed on 19 October 2020.
- 1.24** DESE states on its website that the reforms provide:

²⁶ *Higher Education*, Australian Government Department of Education, Skills and Employment, <https://www.education.gov.au/higher-education-0>.

²⁷ Submission 35, NSW Government, p 4.

²⁸ *Higher Education*, Australian Government Department of Education, Skills and Employment, <https://www.education.gov.au/higher-education-0>.

²⁹ *Higher Education*, Australian Government Department of Education, Skills and Employment, <https://www.education.gov.au/higher-education-0>.

... better university funding arrangements, a better integrated tertiary system, targeted investments in national priorities, improved transparency and accountability, and more opportunities for regional, remote and Indigenous students.³⁰

1.25 At a high-level, the federal reforms may be summarised as follows:

- redesign of the Commonwealth Grant Scheme funding clusters and student contribution bands for Commonwealth supported places with the overall effect of potentially reducing the government contribution toward the cost of university courses from 58 per cent to 52 per cent, including:
 - reductions to student contributions by around one fifth for science, engineering, health, and architecture, half for education and nursing, and more than half for mathematics, and
 - increases to student contributions for arts, society and culture, law and economics, creative arts and communications, for commencing students.
- introduction of a funding envelope to remove earmarking of funding for postgraduate or undergraduate students and to allow universities to trade places with each other
- introduction of a National Priorities and Industry Linkage Fund and an Indigenous, Regional and Low SES Attainment Fund.³¹

1.26 A key focus of the reforms is to create more opportunities for regional students, which is related to aspects of this inquiry's Terms of Reference at point (a) and (b). The federal reforms also seek to address the findings of the National Regional, Rural and Remote Tertiary Education Strategy (Napthine Review), which was released on 28 August 2019.³²

1.27 An additional \$400 million in funding over the next four years seeks to ensure that more university places are available to students in regional and high-population-growth areas. Specific initiatives include financial support for regional university campuses and increasing the number of (non-medical) bachelor-level Commonwealth supported places at universities.

1.28 Funding of bachelor degrees will be increased based on the proportion of students at campuses in regional, high-growth metropolitan and low-growth metropolitan areas, by:

- 3.5 per cent a year for regional campuses
- 2.5 per cent a year for campuses located in high-growth metropolitan areas
- 1 per cent a year for campuses located in low-growth metropolitan areas.³³

³⁰ *Higher Education*, Australian Government Department of Education, Skills and Employment, <https://www.education.gov.au/higher-education-0>.

³¹ *Job-ready Graduates Package* (2 November 2020), Australian Government Department of Education, Skills and Employment website, <https://www.des.gov.au/job-ready>.

³² *National Regional, Rural and Remote Education Strategy* (25 August 2020), Australian Government Department of Education, Skills and Employment, <https://www.education.gov.au/national-regional-rural-and-remote-education-strategy>.

³³ *Improving accountability and information for providers* (2 November 2020), Australian Government Department of Education, Skills and Employment, <https://www.des.gov.au/job-ready/improving-higher-education-universities>.

- 1.29** As part of the Federal Government 2020-21 budget, the following initiatives were announced on 6 October 2020:
- \$1 billion in additional funding for university research to be spent in 2020-21 through the Research Block Grants system, with a cumulative total of \$2.9 billion for research during the financial year
 - \$42 million over four years for a Strategic University Reform Fund to bring together universities and local industry
 - \$251.8 million for 50,000 more online short courses until June 2022 to upskill Australian workers and the unemployed in the sectors of teaching, health, science, information technology and agriculture
 - \$5.8 million for a study of options to accelerate application and monetisation of non-medical research.
- 1.30** Before the Federal Budget was released, the government also announced a COVID-relief package of:
- An additional 12,000 Commonwealth Supported Places for undergraduates. The budget papers indicate that funding for this initiative will be \$298.5 million over four years for students commencing in 2021.³⁴
 - \$903 million over four years to provide university and short courses to students adversely affected by COVID-19.³⁵

Evidence received by this inquiry on the federal reforms

- 1.31** This inquiry received mixed evidence on the impact of the reforms. The submission from the University of Wollongong indicated support for the reforms:
- The university welcomes the Commonwealth Government's Job-ready Graduates Package as not only will it encourage more students to study in regional Australia, it will also increase university and industry partnerships through the National Priorities and Industry Linkage Fund. The world has changed since the pandemic, and our university, along with others across New South Wales, is playing a key role in helping people to re-skill and get back into work. To this end, UOW is delivering the largest portfolio of short courses created under the Commonwealth Government's higher education relief package.³⁶
- 1.32** The submission from Charles Sturt University also suggested that the reforms 'will provide useful support for the transformation process, not least because the reform package's focus on

³⁴ 2021 short courses (27 November 2020), Australian Government Department of Education, Skills and Employment, <https://www.dese.gov.au/job-ready/2021-short-courses>.

³⁵ Robert Bolton, 'Universities showered with \$1b in new money for research', 6 October 2020, *Australian Financial Review*, <https://www.afr.com/politics/federal/universities-showered-with-1b-in-new-money-for-research-20201005-p56266>.

³⁶ Evidence, Professor Theo Farrell, Deputy Vice-Chancellor (Education), University of Wollongong, 8 September 2020, p 22.

graduate employability is well-aligned to Charles Sturt's operating model'.³⁷ The Society for the Provision of Education in Rural Australia (SPERA) supported the reforms on the basis 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...'³⁸

- 1.33** By contrast, the Community and Public Sector Union, NSW Branch, (CPSU) argued that the '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.' In his evidence to the inquiry, Mr Wright, the State Branch Assistant Secretary, explained this perspective further:

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.³⁹

Federal parliamentary inquiries into foreign interference

- 1.34** The terms of reference for this inquiry included foreign political interference in the NSW tertiary education sector. The committee notes that this issue has since been raised and considered by the Federal Parliament.
- 1.35** On 8 September 2020, the Federal Parliamentary Joint Committee on Intelligence and Security announced that it was considering terms of reference for a national inquiry into foreign interference in Australia's universities, publicly funded research agencies and competitive research grants agencies.⁴⁰ On 2 November 2020, the Inquiry into national security risks affecting the Australian higher education and research sector was referred by the Minister for Home Affairs, with a requested reporting date of July 2021.⁴¹

³⁷ Submission 34, Charles Sturt University, p 6.

³⁸ Evidence, Mr Chris Ronan, Executive Member, Society for the Provision of Education in Rural Australia, 8 September 2020, pp 31-32.

³⁹ Evidence, Dr Damien Cahill, 8 September 2020, p 19.

⁴⁰ *Media Release: Foreign interference in universities inquiry under consideration* (8 September 2020), Parliament of Australia, https://www.aph.gov.au/About_Parliament/House_of_Representatives/About_the_House_News/Media_Releases/Foreign_interference_in_universities_inquiry_under_consideration.

⁴¹ *Inquiry into national security risks affecting the Australian higher education and research sector*, Parliament of Australia, https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Intelligence_and_Security/NationalSecurityRisks.

- 1.36** Last year, the Federal Minister for Education established a University Foreign Interference Taskforce which developed and published the Guidelines to counter foreign interference in the Australian university sector.⁴²
- 1.37** Furthermore, the Australian Senate established a Select Committee on Foreign Interference through Social Media on 5 December 2019. The committee will inquire into the risks to Australia's democracy from foreign interference from social media and report in May 2022.⁴³

Committee comment

- 1.38** The Committee recognises the value of higher education in NSW, particularly the importance of the sector recovering post-COVID and assisting the State's pathway out of economic recession. The NSW Government should play an active role in assisting the sector's recovery, while also recognising the way in which the COVID environment has exposed flaws in university management requiring policy reform and correction.
- 1.39** The current NSW legislative framework is insufficient for dealing with the post-COVID challenges faced by public universities. It was developed in a different era to deal with different circumstances and is in need of review.
- 1.40** The NSW Auditor-General needs a broader brief and stronger investigative capacity to ensure university financial and staffing management is transparent, effective and acting in the public interest.

Recommendation 1

That the NSW Government improve university transparency and enhance annual reporting. This should include data on reliance on international student income, overseas student numbers in each course, staffing job security and the staffing balance between teaching and research-only.

Recommendation 2

That the NSW Government initiate a comprehensive review of the State legislative framework in light of COVID and the recommendations of the committee.

⁴² *The University Foreign Interference Taskforce - Guidelines to counter foreign interference in the Australian university sector*, (7 October 2020), Australian Government Department of Education, Skills and Employment, <https://www.education.gov.au/ufit>.

⁴³ *Foreign Interference through Social Media*, Australian Parliament House website, https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Interference_through_Social_Media/ForeignInterference.

Recommendation 3

That the NSW Government expand the responsibilities of the NSW Auditor-General to grant the NSW Auditor-General a broader brief and stronger investigative capacity to ensure university financial and staffing management is transparent, effective and acting in the public interest, especially regarding reliance on international student income and the salaries paid to Vice-Chancellors and senior university administrators.

Chapter 2 The NSW tertiary education sector and the state's economic development

The state's tertiary education sector is a significant contributor to the economic activity and growth of the NSW and Australian economies. There are many levers that universities have to drive innovation and employment, including through their core research and teaching functions as well as the broader economic outputs generated by large communities of people. The optimal development, and post-pandemic recovery, of the tertiary education sector requires improved approaches to governmental support. Universities and other tertiary education institutions require adequate guidance from the NSW Government about its priorities, investment decisions, and early signals for collaboration opportunities. This is particularly pertinent as the sector adjusts to pandemic-related restrictions and revenue losses.

Parties to this inquiry gave evidence about their concerns related to the employment profiles of universities, particularly the increased casualisation of the workforce and the problematic nature of the public-private divide in the tertiary education sector marketplace, which reduces competition in the sector. The economic contribution of the regional and rural tertiary education sector is considered in Chapter 3. The issue of international education is detailed in Chapter 4, and the value of university research is discussed in Chapter 5.

The tertiary education sector as an economic asset to NSW communities

2.1 The NSW Government submission to the inquiry cited three major economic contributions from the higher education sector to the NSW economy, based on a 2015 Deloitte report:⁴⁴

1. The operations of universities promote economic activity and create employment, which was estimated to be worth almost \$1.8 billion a year for the biggest universities.⁴⁵
2. The sector increased human capital and productivity, which was estimated to increase the national Gross Domestic Product (GDP) by 8.5 per cent. For each cohort of UNSW graduates, \$204 million could be added to the state's GDP each year for the duration of their working life.⁴⁶
3. The research conducted by universities generates innovation, jobs and improved outcomes, with the report finding that each dollar invested into UNSW research could provide \$5-10 of value by 2050.⁴⁷ An ACIL Allen report estimated that expenditure related to the University of Sydney contributed \$5.3 billion to the NSW economy.⁴⁸

2.2 Dr Damien Cahill from the National Tertiary Education Union (NTEU) also provided evidence that universities were economic drivers and a public good:

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

⁴⁴ Submission 35, NSW Government, pp 5-6.

⁴⁵ Submission 35, NSW Government, p 5.

⁴⁶ Submission 35, NSW Government, p 6.

⁴⁷ Submission 35, NSW Government, p 6.

⁴⁸ Submission 35, NSW Government, p 6.

beneficial training ground for graduates throughout the economy, universities are essential to our economy. It is a public good.⁴⁹

The economic impact of the COVID-19 pandemic

- 2.3** The NSW Government submission to the inquiry indicated that the NSW university sector could lose between \$3.5 billion and \$6 billion in income because of the impact of the COVID-19 pandemic, which may also lead to 21,000 university jobs being lost.⁵⁰
- 2.4** To support the state's tertiary education sector in navigating the financial and operational challenges of the pandemic, the NSW Government has introduced various initiatives including a commercial loan guarantee scheme, options to defer payroll tax liabilities valued at around \$100 million, a \$25 million package for medical research and vaccine trials related to COVID-19, and an \$11 million COVID-19 research translation fund.⁵¹ The Loan Guarantee Scheme guarantees up to \$750 million in commercial loans to universities to supplement the Australian Government's Higher Education Relief Package.⁵² By 29 September 2020, the Treasury had received five complete or partial applications from universities to access this scheme, but no guarantees had yet been provided.⁵³ The universities would negotiate loan terms with their banking partners.⁵⁴
- 2.5** However, the committee notes that a number of university representatives made representations advocating a waiver of payroll tax for the university sector to alleviate the financial pressure on the sector:
- The submission from Western Sydney University (WSU) asked the committee to recommend a conditional waiver of payroll taxes for NSW universities to alleviate the financial pressure on them.⁵⁵ The submission argued that State-based obligations, of which payroll tax is the largest, become particularly important in the context of the operational and structural reform being undertaken by universities to ensure their financial viability.⁵⁶ In 2019, Western Sydney University and its entities paid \$24.8 million in payroll tax.
 - The University of Sydney's response to questions on notice supported an unconditional waiver of payroll tax. It noted that the university pays \$77 million in payroll tax each year, which reduced its investment and employment capacity.⁵⁷

⁴⁹ Evidence, Dr Damien Cahill, Assistant Secretary New South Wales, National Tertiary Education Union, 8 September 2020, p 26.

⁵⁰ Submission 35, NSW Government, p 12.

⁵¹ *Universities get a \$750 million lifeline* (9 June 2020), NSW Government, <https://www.nsw.gov.au/news/universities-get-a-750-million-lifeline>.

⁵² Submission 35, NSW Government, p 1.

⁵³ Answers to questions on notice, Department of Education, 14 October 2020, p 8.

⁵⁴ Answers to questions on notice, Department of Education, 14 October 2020, p 8.

⁵⁵ Submission 17, Western Sydney University, p 29.

⁵⁶ Submission 17, Western Sydney University, p 29.

⁵⁷ Answers to questions on notice, University of Sydney, 12 October 2020, p 6.

- The University of Wollongong (UOW) supported the waiver for two years on the basis that the institution experienced a material reduction in enrolments and/or was implementing cost controls or reduction plans.⁵⁸
- The Australian Catholic University supported a waiver that would not need to be repaid.⁵⁹

The level of integration between the tertiary education sector and industries

- 2.6** The potential economic and social benefits of increased connections between tertiary education providers and industry was a key issue during the inquiry. The NSW Government submission argued that strengthening the relationship between these sectors could address the state's skills shortages, improve employment outcomes, increase the application and monetisation of research, and lead to the development of educational models that blend higher educational with vocational and on-the-job training.⁶⁰
- 2.7** The committee received evidence that many university courses require industry experience, clinical placements or internships before students can graduate, including in fields such as health, allied health and education.⁶¹ The NSW Government advised that Industry Advisory Boards operate at several NSW universities, and provide input on industry trends, internships, guest speakers and feedback on the research priorities and needs of industry.⁶²
- 2.8** There is still more that could be done to better support all stakeholders involved at the nexus between tertiary education and industry. The availability of timely study and training options is not just a concern for undergraduates. The submission from UTS observed that postgraduate study was declining in Australia:

Domestic postgraduate participation has been falling in Australia for some years possibly reflecting a mismatch in university offerings and the nature of work and education in the Australian economy. There is an opportunity to reconceive postgraduate education in Australia, focusing more on the requirements of lifelong learning through upskilling, reskilling and working directly with businesses to contextualise higher learning. This change has started but the full realisation of seamless, integrated postgraduate learning continues to develop.⁶³

How can the NSW Government better support the tertiary education sector?

- 2.9** The NSW Higher Education Strategy 2020-2025 is being developed by the Department of Education in consultation with the NSW Vice-Chancellors' Committee, universities and

⁵⁸ Answers to questions on notice, University of Wollongong, 8 October 2020, p 4.

⁵⁹ Answers to questions on notice, Australian Catholic University, p 5.

⁶⁰ Submission 35, NSW Government, pp 13-15.

⁶¹ Submission 35, NSW Government, pp 13-15.

⁶² Submission 35, NSW Government, p 14.

⁶³ Submission 30, University of Technology Sydney, p 9.

government agencies.⁶⁴ One of its key purposes is to identify shared priorities and improve outcomes through better collaboration between industry and the tertiary education sector.⁶⁵

Expanding the industry and innovation precincts model

- 2.10** The NSW Government has been leveraging innovation precincts in local areas with particular specialities or needs, by supporting the co-location of higher education institutions in over 40 innovation precincts across NSW. Parties to the inquiry noted several precinct locations including the Western Sydney Aerotropolis, the Randwick Health and Education Precinct, the Liverpool Innovation Precinct, the Campbelltown Health and Education Precinct and other sites in Hawkesbury and Werrington.⁶⁶

Case study Western Sydney Aerotropolis and the NUW Alliance Multiversity

The proposed 'multiversity' to be developed at the Western Sydney Aerotropolis in Badgery's Creek by Western Sydney University and the NUW Alliance (the University of Newcastle, UNSW, and University of Wollongong) will specialise in providing STEM (science, technology, engineering and mathematics) via blended education models that integrate higher education, VET and industry training into micro-credentials. The multiversity will be located alongside the Advanced Manufacturing Research Precinct and Agri-Precincts, as well as industry leaders in aerospace and defence. This co-location is expected to create opportunities for industry-linked research and students.

The focus of the multiversity will be to educate and develop a highly-skilled and job-ready workforce that is fit-for-purpose for the Aerotropolis and able to contribute a significant value-add to the regional economy. This scale of collaboration between NSW universities is unprecedented and has the potential to create shared expertise, research and development. The multiversity will be based on the New Education and Training Model (NETM), which prioritises flexibility and responsiveness, providing new training, re-skilling and up-skilling as required by the workforce and industry. The multiversity will also collaborate with TAFE NSW to provide vocational and practical training.

In 2018, a Memorandum of Understanding was signed between the NUW Alliance members and Western Sydney University to explore opportunities. The Western Parkland City Authority is in ongoing discussions with the universities.

* Submission 35, NSW Government, p 13; Submission 17, Western Sydney University, p 14; Evidence, Mr Mark Scott, Secretary, NSW Department of Education, 8 September 2020, p 45; Answers to questions on notice, Department of Education, p 3.

⁶⁴ Submission 35, NSW Government, p 2.

⁶⁵ Submission 35, NSW Government, p 13.

⁶⁶ Evidence, Professor Ian Jacobs, President and Vice-Chancellor, University of New South Wales, 7 September 2020, p 12; Evidence, Professor Barney Glover, Vice-Chancellor and President, Western Sydney University, 7 September 2020, p 34.

- 2.11** University representatives were very positive about the precincts model and welcomed further engagement by the NSW Government in future developments.⁶⁷ Professor Theo Farrell of the University of Wollongong stated:

The virtue of precincts is precisely that they create an ecosystem where you have research translation, education, entrepreneurship and innovation all occurring in a concentrated area. That is what is going to drive very significant development of the innovation economy, which is going to be critical to the future business recovery and economic recovery in New South Wales. It is a no-brainer, if ever there was one, to direct infrastructure investment into innovation precincts.⁶⁸

- 2.12** In her evidence to the committee, Professor Bridget Heywood, the Vice-Chancellor of the University of New England, contended that regional universities are well placed to contribute to the proposed precincts despite their metropolitan location. She noted that the Aerotropolis could take up to 10 years to reach completion which allowed ample time for the trialling and scaling of regional facilities addressing logistics, airfreight transport, animal husbandry, and other business needs.⁶⁹

The Boosting Business Innovation Program (BBIP)

- 2.13** The NSW Government's Boosting Business Innovation Program (BBIP) was introduced in 2016 to provide small to medium enterprises (SMEs) with access to research organisations and local business networks, and to stimulate economic growth.⁷⁰
- 2.14** However, the committee received evidence that the NSW Government has not supported another iteration of the \$18 million program despite strong support from university representatives. University representatives told the committee that the program facilitated a state-wide innovation network, established ties between partner organisations and the Commonwealth Scientific and Industrial Research Organisation (CSIRO).⁷¹
- 2.15** In their submissions, University of New South Wales (UNSW), WSU and UOW all indicated that they would like to see the BBIP continue because of the significant resources it contributes to supporting hundreds of small-to-medium enterprises (SMEs) in active business incubators and hubs across the state.⁷² For example, UNSW's *TechConnect* linked SMEs like Advanced Alloy

⁶⁷ Evidence, Professor Barney Glover, 7 September 2020, p 34; Evidence, Professor Zlatko Skrbis, Acting Provost, Provost Portfolio, Australian Catholic University, 7 September 2020, p 34; Evidence, Professor Theo Farrell, Deputy Vice-Chancellor (Education), University of Wollongong, 7 September 2020, p 34.

⁶⁸ Evidence, Professor Theo Farrell, 7 September 2020, p 34.

⁶⁹ Evidence, Professor Bridget Heywood, Vice-Chancellor and Chief Executive Officer, University of New England, 7 September 2020, p 37.

⁷⁰ *Young NSW entrepreneurs backed by \$12M program to boost innovation across the state* (19 September 2016), University of Technology Sydney, <https://www.uts.edu.au/research-and-teaching/our-research/climate-change-cluster/news/young-nsw-entrepreneurs-backed-12m-program-boost-innovation-across-state>.

⁷¹ Submission 17, Western Sydney University, p 10; Submission 14, University of New South Wales, pp 5-6.

⁷² Submission 14, University of New South Wales, p 6; Evidence, Professor Barney Glover, 7 September 2020, p 34; Evidence, Professor Theo Farrell, 7 September 2020, p 22.

Holdings with UNSW researchers, and their partnership created lead-free brass alloy to replace traditional plumbing brass materials that may pose a risk of lead contamination of drinking water.⁷³

- 2.16** The lack of future funding under the BBIP not only undermines university efforts to support local businesses but also has a detrimental impact on businesses that were working under BBIP-funded initiatives. Western Sydney University's submission considered the defunding of the BBIP to be 'confounding and counterproductive', when compared with the increased investments in inner-city initiatives, including \$48.2 million for the Sydney 'Tech Central' initiative and \$35 million for the Sydney Startup Hub.⁷⁴

Other existing NSW Government initiatives

- 2.17** The NSW Government has a broad range of other initiatives and funds available to assist the tertiary education sector:
- Representatives from universities are invited to participate in NSW Government trade delegations, which have involved seven universities over the past three years.⁷⁵
 - The Quantum Computing Fund (QCF), which is worth \$26 million and was announced in mid-2017. The Sydney Quantum Academy is part of the QCF, which brings together the University of Sydney, Macquarie University, University of Technology Sydney and UNSW to develop combined teaching and training programs to make Sydney a hub for quantum engineering training.⁷⁶
 - The engagements between the NSW Chief Scientist & Engineer (CSE) and the Vice-Chancellors' Committee and the Deputy Vice-Chancellors' (Research) Committee, which are forums for discussions about areas of mutual interest and issues. The CSE also has a key role in advising the NSW Government on innovation precincts and industry sector strategies.⁷⁷
 - A \$25 million contribution in 2016 to establish the Sydney School of Entrepreneurship, which offers a project-based and applied entrepreneurial learning environment.⁷⁸
 - The development of a number of blended higher education and VET models with close ties to industry, in addition to independent university efforts.⁷⁹

⁷³ Submission 14, University of New South Wales, p 5.

⁷⁴ Submission 17, Western Sydney University, p 10.

⁷⁵ Answers to questions on notice, Department of Education, 14 October 2020, pp 3-4.

⁷⁶ Submission 35, NSW Government, p 3.

⁷⁷ Submission 35, NSW Government, p 2.

⁷⁸ Submission 35, NSW Government, p 13.

⁷⁹ Submission 35, NSW Government, pp 13-15.

Tertiary education providers as employers

- 2.18** NSW universities employ 45,000 people directly. In addition, many further jobs are created by universities in associated industries, including hospitality, retail, accommodation and technology services.⁸⁰
- 2.19** During the inquiry, the committee received significant evidence in relation to the impact of COVID-19 on university employees and whether this signaled structural problems with the nature of university staffing arrangements, as well as the generous salaries of university administrators, particularly Vice-Chancellors.

Insecure employment in the university sector

- 2.20** During the inquiry, the committee heard evidence of the increasing levels of insecure employment through casual or contract-based university employment. Dr Cahill from the NTEU argued that universities have:

... 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.⁸¹

- 2.21** University representatives highlighted the nuances of their staffing arrangements when asked about their workforce profiles and a proposal to expand mandatory reporting of staffing profiles similar to the Victorian model (including full-time equivalent and headcounts for casual, permanent and contract staff). Several university representatives argued that headcount data for casual or sessional staff could be misleading if those staff members were professionals who were employed full-time elsewhere and only lectured once a week.⁸² Professor Ian Jacobs noted that he did have concerns about staff on insecure employment terms, but that he considered their numbers to be low relative to the university's overall staffing levels:

I have some concerns about insecure employment. Particularly in the current environment, the individuals who are affected by the current crisis are a real worry for us. Just to give a sense of the number of individuals who are involved in casual employment through UNSW, it is approximately 5,800 individuals doing just over 0.1 of a full-time equivalent in terms of employment. That comes down to about 740 full-time equivalents and our total staff numbers are over 7,200, so it is a relatively small part of our workforce.⁸³

⁸⁰ Submission 35, NSW Government, p 5.

⁸¹ Evidence, Dr Damien Cahill, 8 September 2020, p 17.

⁸² Evidence, Professor Ian Jacobs, 7 September 2020, p 7.

⁸³ Evidence, Professor Ian Jacobs, 7 September 2020, p 7.

- 2.22** During his evidence to the committee, Mr Troy Wright, Branch Assistant Secretary of the Community and Public Sector Union NSW, contended that the financial crisis experienced by universities was worsened by the Federal Government's refusal to allow universities to access wage-subsidies through the JobKeeper program.⁸⁴
- 2.23** Mr Wright tabled the data in Table 1, which summarises organisational responses of NSW universities to the loss of revenues, including whether restructuring or job losses were anticipated.

Table 1 NSW university funding shortfalls in 2020 and savings initiatives

University	Funding shortfall	Non Employee related savings	EA variation	Redundancies/Perm jobs to go	Restructuring to occur
Australian Catholic University	\$20 million (2020)	Yes	No	Unclear	Yes
Charles Sturt University	\$80 million (2020)	Yes	No	110 (phase 1)	Yes
Macquarie University	\$80 million (2020)		No	Putting out EOI soon	
Southern Cross University	\$40 million (2020)	Yes	No	150-200	Yes
University of Newcastle	\$58 million (\$35million recurring)		No	Approx. 120 staff	
University of New England	\$20 million (2020)	Yes	No	Anticipate 150+ staff	Yes
University of New South Wales	\$300 to 400 million	Yes	No	500	Yes
The University of Sydney	\$470 million (2020)		No	Unclear	Yes
University of Technology, Sydney	\$125+ million (2020)	Yes	No	200+	Yes
University of Wollongong	\$70 million (2020)	Yes	Yes	200	Yes
Western Sydney University	\$90 million (2020)	Yes	Yes	Yes (2021)	Yess

Source: Mr Troy Wright, Tabled document, p 1.

⁸⁴ Evidence, Mr Troy Wright, Branch Assistant Secretary, Community and Public Sector Union, New South Wales, 8 September 2020, p 18.

- 2.24** The committee notes that private tertiary education providers are eligible for JobKeeper subsidies. In answers to questions on notice, Alphacrucis advised the committee that as a private organisation and registered charity that experienced a 15 per cent loss in turnover, it was eligible for the JobKeeper payments. By the end of August 2020, it had received a JobKeeper subsidy of \$2,151,000 for 438 staff. However, Alphacrucis noted that private providers are not eligible for other government funding supports that universities may be entitled to.⁸⁵

The salaries of Vice-Chancellors in the context of job losses in the university sector

- 2.25** A significant consequence of the COVID-19 pandemic has been the large number of job losses and redundancies in the university sector. The scale of the changes to the employment profiles of universities in NSW has focused attention on the disparity between the salaries of senior university administrators and other university staff. Many of the Vice-Chancellors who appeared before the committee decline to provide their salary levels to the committee on the basis that the data would be publicly available in annual reports, however Professor Ian Jacobs from UNSW advised that he earns \$1.28 million per annum.⁸⁶ Like many senior university administrators, Professor Jacobs is taking a 20 per cent salary reduction to assist with financial management of the pandemic's impact.⁸⁷
- 2.26** When asked about his salary, Dr Michael Spence from the University of Sydney, said that:

The University of Sydney is arguably the highest paying university in Australia in what is on average the highest paying university system in the world. When we were looking at the issue of potential salary reductions for COVID-19, we identified the 247 academic staff who were paid more than a quarter of a million dollars a year and the 45 administrators who were paid more than a quarter of a million dollars a year, so there is a lot of mythology around the notion that academics in Australia are underpaid. In fact, this is a generously paying system. That said, Australian vice-chancellors are very generously paid.⁸⁸

Fostering a competitive tertiary education sector in NSW

- 2.27** The committee received evidence from Alphacrucis College on the lack of support for private tertiary education providers and the significant difference in financial and in-kind support provided to institutions based on the public-private divide in the tertiary education sector marketplace.⁸⁹ In its submission to the inquiry, Alphacrucis College claimed there was an increasing monoculture and monopolies within the NSW tertiary education system, which have led to problems including over-pricing, reduced quality, and inefficiencies.⁹⁰ The submission argued that greater diversity and competition in the sector would improve choice and provide

⁸⁵ Answers to questions on notice, Alphacrucis College, 8 October 2020, p 1.

⁸⁶ Evidence, Professor Ian Jacobs, 7 September 2020, p 19.

⁸⁷ Evidence, Dr Michael Spence, 7 September 2020, p 19; Evidence, Professor Ian Jacobs, 7 September 2020, p 19.

⁸⁸ Evidence, Dr Michael Spence, 7 September 2020, p 19.

⁸⁹ Submission 31, Alphacrucis College, pp 15-16.

⁹⁰ Submission 31, Alphacrucis College, p 15.

alternative models of teaching and thinking.⁹¹ In his evidence to the committee, Reverend Dr Perry, Vice-President, Alphacrucis College, stated 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.⁹²

- 2.28** The submission cited Professor Paul Oslington's recommendations that Australian regulatory and competition policy be amended to better facilitate new universities and allow restructure of public universities to facilitate takeovers and market exit.⁹³

Committee comment

- 2.29** Given the challenges now facing universities, the Higher Education Strategy needs to be fast-tracked and publicly released and implemented. The committee encourages the Department of Education to expedite the publication of the Higher Education Strategy to outline the NSW Government's priorities for the sector, alongside other signals for public and private investment such as future precincts or 'industry clusters'. This inquiry also received positive evidence about the Boosting Business Innovation Program and reinvestment in this initiative is strongly recommended.
- 2.30** The vast disparity between the salaries paid to senior university administrators and the casual and insecure payments made to so many of the staff who actually conduct the teaching and research in universities is a matter of real concern to the committee. If the role of universities is to create new knowledge and disseminate that knowledge to students then the people who do this critical work need to be valued and respected. The current system that sees University Vice Chancellors paid 25 or thirty times more than many of the people undertaking the core work of universities must be reviewed and the failure to do this by the governing bodies of universities is evidence of a failure of leadership. This is a matter that should be reviewed by the Auditor-General.

Recommendation 4

That the Department of Education consider the findings and recommendations of this inquiry in finalising the proposed Higher Education Strategy and make the Strategy publicly available as soon as possible.

Recommendation 5

That the NSW Government develop a model of precinct or 'industry cluster' planning to maximise the potential of its education, health, transport and regional development investments linked to universities, TAFE and private tertiary providers.

⁹¹ Submission 31, Alphacrucis College, p 15.

⁹² Evidence, Reverend Dr David Perry, Vice-President, Alphacrucis College, 8 September 2020, p 6.

⁹³ Submission 31, Alphacrucis College, p 16.

- 2.31** In June 2020, the Treasurer announced the NSW Government's Loan Guarantee Scheme, which offers commercial loan guarantees to universities valued at up to a total \$750 million. The Treasurer has stated that universities applying for loan guarantees will be asked to show how they intend to restructure university operations to make them more sustainable.⁹⁴

Recommendation 6

That the NSW Government reinstate and extend the Boosting Business Innovation Program to support business-university collaboration, noting the program's demonstrable effectiveness and criticality in emerging economic circumstances, particularly for suburban, regional and rural areas of NSW.

Recommendation 7

That the NSW Government mandate that universities provide a more detailed report of their staffing profiles, including a requirement that data be provided on permanent, fixed term and casual staff levels in terms of both headcounts and full-time equivalents, modelled on the Victorian reporting requirements.

Recommendation 8

That the NSW Government foster a more competitive higher education sector, easing the way and providing support for new entrants, ensuring greater diversity and student choice in the sector, compared to the traditional fixed-campus model.

⁹⁴ Malavika Santhebennur (10 June 2020), 'NSW government launches university loan guarantee', Mortgage Business Website, <https://www.mortgagebusiness.com.au/breaking-news/14620-nsw-govt-launches-university-loan-guarantee>.

Chapter 3 Universities and their local communities

Tertiary institutions play a key role in local communities, providing learning and employment opportunities, and access to facilities.⁹⁵ This chapter focuses on the role of NSW universities in specific geographic communities. The inquiry received evidence about the needs of particular NSW communities, particularly in Western Sydney, and regional and rural areas. Parties to the inquiry had differing views on how well the needs of local communities were being met by existing campus locations and available services. The committee considered alternative methods of providing tertiary education in regional and remote areas, particularly through the Country Universities Centre, and the potential for programs to increase participation from lower socio-economic and under-represented communities.

Improving access to tertiary education in Western Sydney and Greater Sydney

- 3.1 The inquiry received a number of substantial submissions on the importance of the tertiary education sector to the development of Western Sydney's economy, infrastructure and human capital. Submissions from Western Sydney University, the Australian Catholic University (ACU), Blacktown City Council, the Liverpool Innovation Precinct and the Western Sydney Leadership Dialogue clearly outlined how improved access to higher education and university campuses could be instrumental to the future of the region's development and the state's economy.
- 3.2 The Australian Catholic University submission told the committee that Western Sydney is currently under-served by higher education providers and that there are geographical barriers to participating in tertiary education, with only 18 per cent of university places located in Western Sydney despite around 50 per cent of Greater Sydney's population living in the area.⁹⁶ The Western Sydney University submission highlighted the discrepancy between university degree attainment in local areas in Western Sydney compared to the rest of Sydney, as shown in Tables 2 and 3 below.

⁹⁵ Submission 35, NSW Government, p 6.

⁹⁶ Submission 9, Australian Catholic University, p 1.

Table 2 University degree attainment across Western Sydney

SA4	WSU Campus	Uni degree *
Blacktown	Nirimba	22.1
Inner South West	Bankstown	23.9
Outer South West	Campbelltown	15.1
Outer West and Blue Mtns	Hawkesbury, Kingswood and Werrington	16.8
Parramatta	Rydalmere, Parramatta, Sydney Olympic Park and Westmead	27.5
South West	Liverpool	13.8
Average:		19.9

* Percentage of people within the designated Statistical Area 4 (SA4) aged 15 and over with a Bachelor degree level and above.

Source: Submission, Western Sydney University, p 6.

Table 3 University degree attainment rates across the rest of Greater Sydney

SA4	Uni degree *
Baulkham Hills and Hawkesbury	30.8
City and Inner South	40.9
Eastern Suburbs	41.8
Inner West	39.3
North Sydney and Hornsby	47.2
Northern Beaches	32.3
Ryde	41.3
Sutherland	23.5
Average: 37.1	

* Percentage of people aged 15 and over with a Bachelor degree level and above.

Source: Submission, Western Sydney University, p 7.

- 3.3** Some NSW universities are driven and defined by their geographic location and local communities. For example, Western Sydney University's principal functions are stipulated in the *Western Sydney University Act 1997* to include providing education and research facilities with a particular regard to the needs and aspirations of Greater Western Sydney, and the provision of courses of study and conduct research to meet the needs of the Greater Western Sydney community.⁹⁷ The Western Sydney University submission noted that the university is the largest and most established educational provider in Western Sydney, with nine campuses across the

⁹⁷ Submission 17, Western Sydney University, p 5.

region.⁹⁸ The university opened a campus in Liverpool in 2017 and will launch a new campus in Bankstown in 2022.⁹⁹ The university also has a partnership with UNSW for the Engineering Innovation Hub in Parramatta.¹⁰⁰ Professor Barney Glover, Vice-Chancellor and President, told the committee that the campus network was key to providing world-class tertiary education across Western Sydney:

...there is a need to ensure our campus network is fit for purpose for the generations to come... I think that distributed model is expensive for universities, and in recovery from COVID we need to take that into account. But it is a very important part from our perspective in supporting the need for higher education across... a region that still has substantial pockets of low socio-economic status, educational disadvantage and lower attainment levels than other parts of Australia. It is vitally important that we provide access to high-quality, world-class education in that context. I think the model that we have is the model that fits our region and our time and I think the same would be true of my colleagues. I am not sure that there is an alternative, but there is very, very significant work that goes on to plan the evolution of a campus network over time.¹⁰¹

- 3.4** University campuses and students can contribute significantly to the local economy they are anchored in, and they can create growth through expenditure and engagement with local businesses.¹⁰² For example, an assessment of Western Sydney University's contribution to the region found that the university generated around one per cent of Western Sydney's Gross Regional Product and that its students spent \$458 million in the local region in 2010.¹⁰³ The construction of the Liverpool campus created 450 jobs and contributed \$54 million to the local economy.¹⁰⁴
- 3.5** There are a number of broad initiatives to capitalise on the potential of the region and to increase access to universities in Western Sydney. Western Sydney University, the University of Wollongong and University of New South Wales (UNSW) are involved in the Liverpool Innovation Precinct, a collaboration between key organisations with a significant presence in the Liverpool city centre.¹⁰⁵ Professor Farrell, Deputy Vice-Chancellor (Education) from the University of Wollongong (UOW), noted a need to develop training and re-skilling programs in the region.¹⁰⁶ The multiversity initiative at the Western Sydney Aerotropolis is detailed in Chapter 2.
- 3.6** In 2021, the Australian Catholic University is opening a new vertical campus in Blacktown, as the result of a Blacktown City Council initiative in 2015.¹⁰⁷ Course offerings will seek to meet

⁹⁸ Submission 17, Western Sydney University, p 5.

⁹⁹ Submission 17, Western Sydney University, p 4; Evidence, Professor Barney Glover, Vice-Chancellor and President, Western Sydney University, 7 September 2020, p 24.

¹⁰⁰ Evidence, Professor Glover, 7 September 2020, p 24.

¹⁰¹ Evidence, Professor Glover, 7 September 2020, p 24.

¹⁰² Submission 17, Western Sydney University, p 1.

¹⁰³ Submission 17, Western Sydney University, pp 2-3.

¹⁰⁴ Submission 17, Western Sydney University, pp 2-3.

¹⁰⁵ Evidence, Professor Theo Farrell, Deputy Vice-Chancellor (Education), University of Wollongong, 7 September 2020, p 22.

¹⁰⁶ Evidence, Professor Farrell, 7 September 2020, p 22.

¹⁰⁷ Submission 41, Blacktown City Council, p 2.

demand for locally-trained nurses, midwives, allied health professionals and teachers to staff Western Sydney's hospitals, clinics and schools.¹⁰⁸ The campus will also offer business and law programs, and leverage existing infrastructure including transport interchanges, a teaching hospital and TAFE facilities.¹⁰⁹

- 3.7** The Blacktown City Council's submission highlighted that Blacktown has unique population needs and growth.¹¹⁰ The population is anticipated to grow by 10,000 residents per year for the next two decades, and may exceed the population of Tasmania by the mid-2030s.¹¹¹ Blacktown is home to significant indigenous communities, single-income households, and 50 per cent of the local population was born overseas.¹¹² The new campus will provide a local study option for the 18,000 university students who live in Blacktown City, and expand the options for the 54,000 university students within 30 minutes' travel time and the 123,000 university students within 45 minutes' travel time of the CBD.¹¹³ Despite this, the submission noted with concern that:

Blacktown is the size of a state population but currently has no access to comprehensive university courses within borders. Apart from Council, there has been no appetite demonstrated by the State Government to explore a comprehensive university offering in Blacktown, which will be by far, the largest populated Council in NSW and potentially the fourth largest in Australia.

The State Government's current focus is on Badgery's Creek and Westmead with the assumption that *people of Blacktown are prepared to travel*. If we truly believe in the notion of a half hour city, then why are Blacktown City residents forced to travel approximately an hour to access tertiary education with no plan by the State to change this?¹¹⁴

- 3.8** The submission also advised that the ACU was self-funding the Blacktown expansion while other university developments in Westmead and Badgerys Creek were receiving government subsidies.¹¹⁵ To ensure education opportunities are adequate, the Blacktown City Council recommended improved government investment in infrastructure and services, the earmarking of land to accommodate this population growth and increased scrutiny and discussion about the sale or closure of educational facilities in local communities.¹¹⁶

The role of tertiary education in regional and rural development

- 3.9** The tertiary education sector plays a particularly important role in providing economic growth and improving social outcomes in regional and rural NSW. The inquiry received evidence from a number of parties of the critical contribution that universities make in employing local workers (often as the largest regional employer), undertaking regionally-specific research, educating recent high-school leavers and mature age students, providing cultural and learning

¹⁰⁸ Submission 9, Australian Catholic University, p 1.

¹⁰⁹ Submission 41, Blacktown City Council, pp 1 and 3.

¹¹⁰ Submission 41, Blacktown City Council, p 1.

¹¹¹ Submission 41, Blacktown City Council, p 1.

¹¹² Submission 41, Blacktown City Council, p 1.

¹¹³ Submission 41, Blacktown City Council, p 1.

¹¹⁴ Submission 41, Blacktown City Council, p 3 (emphasis in original).

¹¹⁵ Submission 41, Blacktown City Council, p 4.

¹¹⁶ Submission 41, Blacktown City Council, p 1.

opportunities, and re-skilling the workforce to meet economic demand.¹¹⁷ Strong linkages between universities and industries were seen to be particularly important on regional campuses, where this could lead to innovation and collaboration for regional business.¹¹⁸ Graduates from regional and rural campuses often have strong ties to non-metropolitan communities. For example, research indicates that 70 per cent of Charles Sturt University graduates began their first job outside of a metropolitan area.¹¹⁹

- 3.10** Three of NSW's universities are members of the Regional Universities Network (RUN): Charles Sturt University, Southern Cross University and the University of New England. These universities have been actively involved in community efforts to address and recover from recent crises such as the bushfires, drought and the pandemic, including establishing Australia's first regional virtual hospital.¹²⁰ Professor John Germov, Acting Vice-Chancellor of Charles Sturt University, stated:

Like other regional universities, we are an anchor institution in our regional towns and cities. We are a major employer. We attract high-value service industries as well as being centres for social, cultural and sporting activities and events. Our impact extends beyond economic benefits or even meeting the regional workforce needs where we are located. For example, our community-accessible dental clinic at Charles Stuart in Albury, Bathurst, Dubbo, Orange and Wagga provide much-needed services to the public. Our sporting facilities are open to the public and host a wide range of events all year round. During the devastating bushfires, we provided accommodation for around 700 firefighters at Port Macquarie and made available land to hold cattle, horses, sheep and pets from bushfire-affected properties in Wagga. Without a doubt the greatest benefit that Charles Sturt and similar universities bring to the regional communities we service are our graduates. For Charles Sturt, that is around 9,500 annually produced graduates, including the highest number of Indigenous graduates compared to any other university in the country—something we are very proud of.¹²¹

- 3.11** The submission from the Community and Public Sector Union highlighted the contributions of the RUN and provided the committee with the following table (Table 4), which summarises the positive effects that RUN universities have on communities.

¹¹⁷ Submission 35, NSW Government, p 6; Submission 37, Community and Public Sector Union, NSW Branch, p 11.




¹¹⁸ Submission 35, NSW Government, p 6.

¹¹⁹ Submission 35, NSW Government, p 6.

¹²⁰ Submission 23, University of New England, p 1; Submission 34, Charles Sturt University, p 3.

¹²¹ Evidence, Professor John Germov, Acting Vice-Chancellor, Charles Sturt University, 7 September 2020, p 36.

Table 4 The three effects that universities from the Regional University Network (RUN) have on their regions

Effect		Activity	Explanation
SUPPLY		Jobs in regional areas Increase productivity of trained graduates	RUN universities grow Australia's regional workforce and increase its productivity. This is measured by the proportion of RUN graduates employed in regional areas and the subsequent impact on real wages.
DEMAND		Student spending in the regions University expenditure in the regions	RUN universities grow Australia's economy directly by driving demand in its regions. This is measured through increases in: private consumption; government consumption; international and interstate exports.
KNOWLEDGE CAPITAL		Innovations produced through research New techniques for industry	RUN universities contribute to industry through research and knowledge capital. Increases to knowledge capital are measured by the value of research income and time spent on research.

Source: Submission 37, Community and Public Sector Union (NSW Branch), p 11 citing the 'The economic impact of the Regional Universities Network' report by Nous and Centre of Policy Studies.

- 3.12** The University of Wollongong and the University of Newcastle have also established educational offerings outside of Greater Sydney. The University of Wollongong provides communities in the Illawarra access to tools, training and support to facilitate innovation and businesses growth. The university hosts the iAccelerate centre in Wollongong, which is Australia's largest university-led business incubator, and the Bega Valley Innovation Hub.¹²²

Improving access to tertiary education in rural and regional NSW

- 3.13** The NSW Government submission indicated that students from regional and rural NSW continue to be underrepresented in the tertiary education sector and are less likely to have a degree than those living in major cities.¹²³ Data from 2016 indicates that only 23 per cent of people over the age of 15 and living outside a major city had at least a bachelor-level qualification compared to 43 per cent of people aged 15 and over living in major cities in NSW.¹²⁴ Regional students are twice as likely to move away from home to study a tertiary qualification than their metropolitan counterparts, while other regional students may study online, although this is associated with lower student retention.¹²⁵ In 2017, the NSW Government commissioned research on why high achieving students from regional schools were transitioning to university at low rates. The research found that many students had concerns about money, relocation, and their post-school trajectory and around half intended to take a gap year.¹²⁶ In response, the Department of Education provided \$550,000 in funding to provide information to senior school student and those on their gap year about navigating the transition to university education,

¹²² Evidence, Professor Farrell, 7 September 2020, p 22.

¹²³ Submission 35, NSW Government, pp 6-7 citing ABS Census data.

¹²⁴ Submission 35, NSW Government, pp 6-7 citing ABS Census data.

¹²⁵ Submission 35, NSW Government, pp 6-7 citing ABS Census data.

¹²⁶ Submission 35, NSW Government, p 8.

alongside resources for their parents and carers.¹²⁷ The funding is for a group of universities, led by the University of Sydney, in partnership with the University of Wollongong, the University of Canberra and the Country Education Foundation.¹²⁸

- 3.14** Universities tend to be located in metropolitan and inner regional areas where large populations and higher university attainment rates are more attractive for investment. The submission from the Society for the Provision of Education in Rural Australia (SPERA) emphasised the diversity of non-metropolitan communities.¹²⁹ SPERA's submission argued that it was important that governments recognise that regional, rural and remote communities are not homogenous and that each community has its own infrastructure relationships and engagement with universities.¹³⁰ In order to support tertiary students in more remote locations, different models have been tested that are more closely linked to community need. An example is the Country Universities Centre model where the risk of activity and investment by a university is balanced by community responsibility to ensure student numbers, diversified funding, and overall sustainability of the effort.¹³¹ There is also fee-sharing of funding from Commonwealth Supported Places.¹³²

Case study: Country Universities Centre

The Country Universities Centre (CUC) is a not-for-profit organisation that provides a network of regionally located study centres that provides tertiary students with technology, facilities, and academic and pastoral support. Towns in NSW with populations of less than 20,000 receive little direct university investment such as a regional campus so the CUC provides a community-driven and supportive learning environment for those in higher education via distance or online education. A key benefit of the CUC model is that regional students do not have to leave their families, communities and employers and it slows the drain of young people from regional to metropolitan areas. The CUC began in 2013 as the Cooma Universities Centre (now known as CUC Snowy Monaro) with assistance of Snowy Hydro, local industry and local government. This first centre operated without state or federal government assistance for five years. The CUC model offers each community of students:

- Computer terminals and wi-fi with fast download speeds.
- Videoconferencing, whiteboards and other educational tools for students to communicate with university lecturers, tutors and support services.
- Printers, scanners and a textbook library.
- Staff to assist students with general educational or administrative concerns, enrolments or other queries of students, to assist with technical expertise in regards to online learning platforms and computer skills, as well as general wellbeing, motivation and study skills.

¹²⁷ Submission 35, NSW Government, pp 6-7 citing ABS Census data.

¹²⁸ Submission 35, NSW Government, pp 6-7 citing ABS Census data.

¹²⁹ Submission 6, Society for the Provision of Education in Rural Australia, p 2.

¹³⁰ Submission 6, Society for the Provision of Education in Rural Australia, p 2.

¹³¹ Submission 11, Country Universities Centre, p 22.

¹³² Submission 11, Country Universities Centre, p 22.

- General academic and study skills workshops taught by postgraduate qualified and experienced local instructors.
- A collegial environment of study for local students who face similar challenges.
- Break out meeting rooms and a kitchenette services area.
- A study space every day from 7 am until midnight, with staffing from 8.30 am to 5 pm on business days.

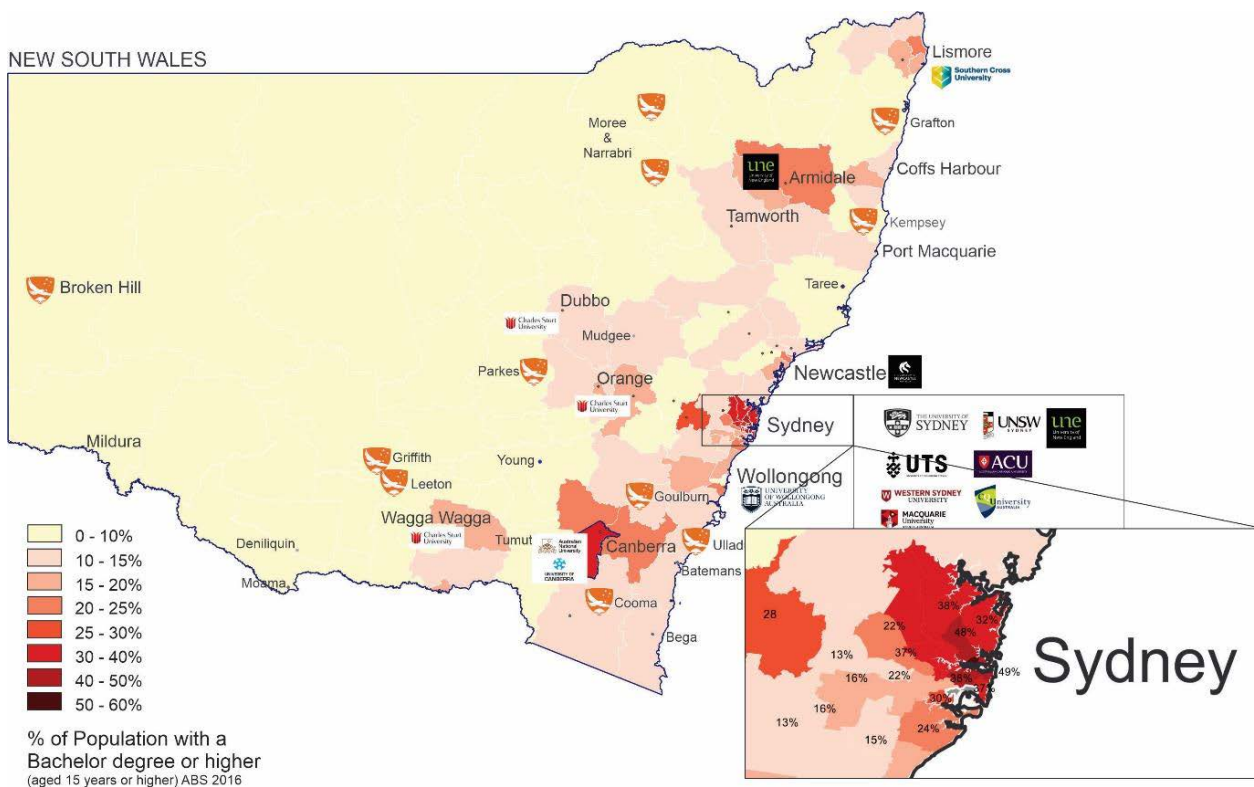
There are now centres in Broken Hill, Griffith, Leeton, Grafton, Goulburn, Cooma, Moree and Narrabri. Three more centres in Kempsey, Parkes and Ulladulla will be established by early 2021. Expansion of the CUC has been supported by the NSW Government, Commonwealth Government, local governments, cornerstone universities, corporate sponsors and philanthropists. Figure 1 shows recent student registration data at the beginning of 2020. The CUC has been approached by a number of NSW towns to establish a CUC but demand currently outstrips available funding.

The CUC has also been funded by the Federal Government to expand into the south-western Queensland areas of St George and Dirranbandi, with populations of 2,500 people and 600 people respectively. This expansion into smaller communities will provide valuable evidence on the sustainability and scale of the CUC model.

* Submission 11, Country Universities Centre; Evidence, Mr Duncan Taylor, p 35

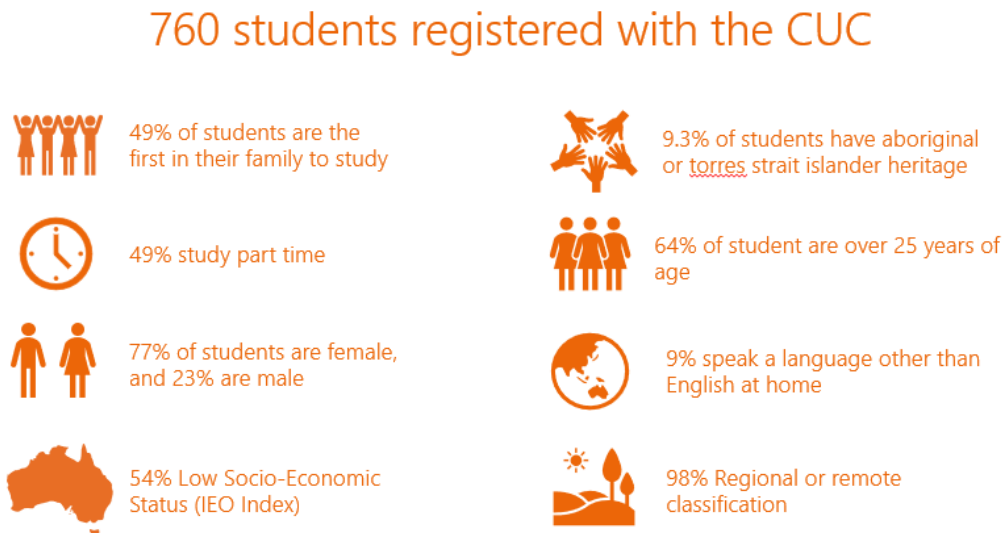
- 3.15 The submission from the CUC highlighted the locations of centres in parts of NSW with low degree attainment rates and limited university presence, shown in Figure 1.

Figure 1 Percentage of population with at least a Bachelor degree mapped against university campuses and Country University Centre locations



- 3.16 As shown in Figure 2, the CUC submission also provided recent data on student registration, including demographic characteristics.

Figure 2 CUC student registration data for Semester 1 2020



Source: Submission 11, Country Universities Centre, p 8.

- 3.17 When asked about the top three recommendations he had for the NSW Government, Mr Duncan Taylor, Chief Executive Officer of the CUC, cited:

1. An agreed strategy between the CUC and the New South Wales Government about where centres should be located, for example, being co-located with special activation precincts to provide the qualifications and the training to support such initiatives.
2. Supporting the CUC to provide careers guidance and advisory services, particularly for mature age students who are up-skilling or re-skilling. This would also include information sharing about emerging, high-value employment so the CUC can signal to communities.
3. Streamlining and coordinating the tertiary education outreach to rural and regional schools to avoid duplication of resources and address gaps.¹³³

Removing legislative obligations to maintain campuses

- 3.18 Charles Sturt University's enabling legislation requires the university to provide facilities for education and research of university standard, particularly to meet the needs and aspirations of the residents of western and south-western New South Wales. Accordingly, the submission from Charles Sturt University recommended periodic review of the *Charles Sturt University Act 1989* and *Charles Sturt University By-laws* to ensure best-practice governance practices, particularly about the financial viability of the university's campus network and locations.¹³⁴

¹³³ Evidence, Mr Duncan Taylor, Chief Executive Officer, Country Universities Centre, 8 September 2020, p 33.

¹³⁴ Submission 34, Charles Sturt University, p 6.

- 3.19** The submission contended that the changed circumstances facing universities may last a number of years and Charles Sturt University should not be obliged to maintain a certain number of campuses, or to have them in particular locations because this requirement could limit capacity to appropriately manage finances or adapt to change. The submission stated that without more flexibility universities faced the risk of breaching their legislated obligations or taking on an unacceptable financial risk.¹³⁵ In evidence, Professor Germov elaborated on this recommendation:

... [W]e are committed to our campuses, particularly those that are stipulated in our Act. Our position was that a certain amount of flexibility might be needed going into the future, as population trends and demographic changes may make some locations where campuses are currently prescribed to be operating less and less viable. The definition of a campus is prescribed to offer a range of support services for students and a certain amount of public infrastructure, all of which is perfectly understandable. We were hoping to make the case that some flexibility in this regard would not necessarily require a change in the Act but perhaps, through agreement from the Minister of the day, would facilitate a more agile response for ourselves and other universities.¹³⁶

- 3.20** The Department of Education advised the committee in their responses to questions on notice that the NSW Government and the Minister for Education have not received representations from Charles Sturt University about removing the obligation to maintain certain campuses.¹³⁷ The Department also stated that Charles Sturt University had secured \$15.08 million from the Regional Growth Fund Growing Local Economies program to expand its regional campus networks to include the International Port Macquarie Education Centre.¹³⁸

The role of universities in increasing social mobility and human capital

- 3.21** The Western Sydney University submission advised the committee that the changes to Western Sydney's employment landscape demonstrates the importance of degree attainment as a prerequisite for higher incomes and better employment opportunities. The submission cited recent data from the Australian Bureau of Statistics that shows that the share of jobs requiring a university education increased from 23 per cent in 1988 to 32 percent in 2018. The committee was also informed about the broad benefits that individuals with higher education receive, including significant non-financial benefits like better health and longevity compared to those with lower levels of education.¹³⁹
- 3.22** As Tables 2 and 3 and Figure 1 demonstrate, attainment of university education remains low in parts of Sydney and outside metropolitan areas. In order to address this, the Federal Government provides the Higher Education Participation and Partnerships Program (HEPPP), which is intended to increase higher education participation rates from under-represented

¹³⁵ Submission 34, Charles Sturt University, p 6.

¹³⁶ Evidence, Professor John Germov, 7 September 2020, p 38.

¹³⁷ Answers to questions on notice, Department of Education, pp 2 and 10.

¹³⁸ Answers to questions on notice, Department of Education, p 5.

¹³⁹ Submission 9, Australian Catholic University, p 4.

communities in Western Sydney.¹⁴⁰ Universities engage in a range of outreach activities in local communities and schools, including:

- high school start-up camps hosted by the University of Wollongong at its Bega Valley Innovation Hub¹⁴¹
- the UNSW Aspire program, which was launched in 2007, which has contributed to enrolments in university by students from partner schools increasing by 155 per cent¹⁴²
- the NSW Equity Consortium of UNSW, UTS, and Macquarie University, which partner with nine schools in Western Sydney for a program for Years 7-9 that explicitly addresses the expectations-aspirations gap that may inhibit students, particularly those from disadvantaged backgrounds, from attending university¹⁴³ and
- the HEPPP-funded Bridges to Higher Education program, which is a \$21.2 million program involving five universities working with Western Sydney primary and secondary students, TAFE and community partners to increase exposure to higher education study options.¹⁴⁴

3.23 Parties to the inquiry provided evidence on potential improvements to the Federal Government's Higher Education Participation and Partnerships Program (HEPPP), which is intended to increase higher education participation rates from under-represented communities.¹⁴⁵ The committee heard that HEPPP funding and activity was not well-coordinated or equitably distributed, with long gaps between engagements or some schools receiving no university engagement at all.¹⁴⁶ For example, the submission from SPERA expressed concern that:

Although outreach and widening participation activities are signalled as non-university specific, these programs can surreptitiously act as marketing for a specific university, which also competes and devalues any local higher education study options that may be available. Many of the marketing and outreach activities perpetuate the mobility paradigm and undermine Federal and State Government policy efforts, such as Regional University Centres, to increase participation rates in their community and retain people in the regions.¹⁴⁷

3.24 To address this, SPERA's submission advocated for HEPPP activities and other outreach initiatives to be demand-driven and facilitated by local communities in partnership with universities, with a particular focus on student agency and choice.¹⁴⁸ Mr Taylor told the committee that CUCs are a constant presence in their communities and were well-positioned to

¹⁴⁰ Submission 9, Australian Catholic University, p 4.

¹⁴¹ Submission 33, University of Wollongong, p 2; Evidence, Professor Theo Farrell, 7 September 2020, p 22.

¹⁴² Submission 14, University of New South Wales, p 8.

¹⁴³ Submission 14, University of New South Wales, p 8.

¹⁴⁴ Submission 9, Australian Catholic University, p 4.

¹⁴⁵ Submission 9, Australian Catholic University, p 4.

¹⁴⁶ Evidence, Mr Chris Ronan, Executive Member, Society for the Provision of Education in Rural Australia, 8 September 2020, p 31; Evidence, Mr Duncan Taylor, p 33.

¹⁴⁷ Submission 6, Society for the Provision of Education in Rural Australia, p 3.

¹⁴⁸ Submission 6, Society for the Provision of Education in Rural Australia, p 3.

coordinate activities to ensure all local schools get access to fair levels of university engagement.¹⁴⁹

- 3.25** The NSW Department of Education advised that it does not have a coordinating role in relation to HEPPP funding but that it does work to partner universities with NSW schools, particularly public schools, including ensuring that schools with the greatest need are targeted.¹⁵⁰ UNSW's submission also stated that the NSW Government has an important role in promoting equitable access to a university education, including through public funding and in-kind support.¹⁵¹
- 3.26** The submission from UNSW also stated that the reliance on ATAR scores for university admission presents an obstacle to supporting equitable access to universities, because of the link between higher socio-economic status and higher ATAR scores.¹⁵² NSW universities have been exploring alternative entry pathways to reduce these structural barriers, including the UNSW Gateway program that offers early conditional admissions, which has 1400 registered students from targeted disadvantaged schools in NSW.¹⁵³

Committee comment

- 3.27** The committee strongly supports additional investment and coordination in increasing the participation of under-represented students in the higher education sector, including students from Western Sydney, students who are first in their families to attend university, and students who are from lower socio-economic circumstances. The NSW Government should use the levers at its disposal to ensure that the facilities and coordination of programs are adequate to address the needs of students from regional, remote and lower socio-economic areas.
- 3.28** The committee was very impressed by the CUC model and found it to be a compelling community-driven initiative that was delivering high-quality tertiary education opportunities to its students. The committee commends the CUCs around the state for their efforts thus far and encourages the NSW Government to further explore ways to contribute to the future success of the CUCs, and other similar models.

Recommendation 9

That the NSW Government offer support for more education places to be provided locally in Western Sydney to meet increased demand through projected population growth and to improve access and equity in Western Sydney, noting the shortfall problem in Blacktown in particular.

¹⁴⁹ Evidence, Mr Duncan Taylor, 8 September 2020, p 33.

¹⁵⁰ Answers to questions on notice, Department of Education, p 10.

¹⁵¹ Submission 14, University of New South Wales, pp 8-9.

¹⁵² Submission 14, University of New South Wales, p 9.

¹⁵³ Submission 14, University of New South Wales, p 9.

Recommendation 10

That the NSW Government offer targeted support to universities and other tertiary institutions delivering higher education in areas of community need such as outer-metropolitan, low-SES and disadvantaged communities, recognising the broader socio-economic benefits delivered to local communities through higher education access.

Recommendation 11

That the NSW Government advocate to the Federal Government to retain tertiary education facilities within Blacktown and grow these facilities and provide new facilities that are at least proportionate to population growth.

Recommendation 12

That the NSW Government ensure that the disposal of assets and land earmarked or being used for educational purposes is to occur as part of the NSW Government planning process.

Recommendation 13

That the NSW Government provide support to NSW vertical universities to ensure that student life and experience is not diminished in new and existing vertical campuses.

Recommendation 14

That the NSW Government require universities to report on the quality of student life and experience, particularly in vertical campuses.

Recommendation 15

That the NSW Government develop a plan for university course offerings across regional and Western Sydney to ensure access to opportunities are provided in a wide range of fields of study.

Recommendation 16

That the NSW Government support local government access to and use of university facilities to improve operational efficiencies and to expose residents to university life and tertiary education possibilities. This should include advocacy to the Federal Government to increase Local Council access to university facilities and review of the Local Government Public Private Partnership guidelines to enable innovative arrangements with the tertiary sector.

Recommendation 17

That the NSW Government prioritise support for CUCs in its forthcoming Higher Education Strategy.

Recommendation 18

That the NSW Government engage with the CUCs about where future centres should be located, and support CUCs to provide careers guidance and advisory services.

Recommendation 19

That the NSW Government negotiate and coordinate strategic HEPPP engagement with schools between the Federal Government and universities.

Recommendation 20

That the NSW Government consider how to better support university efforts to increase enrolments of students from disadvantaged backgrounds, including school programs (run by Directors Education Leadership and complementary to HEPPP) that assist students and parents from disadvantaged schools become familiar with university opportunities, culture and academic life, as a pathway program for these students.

Chapter 4 International education in the NSW sector

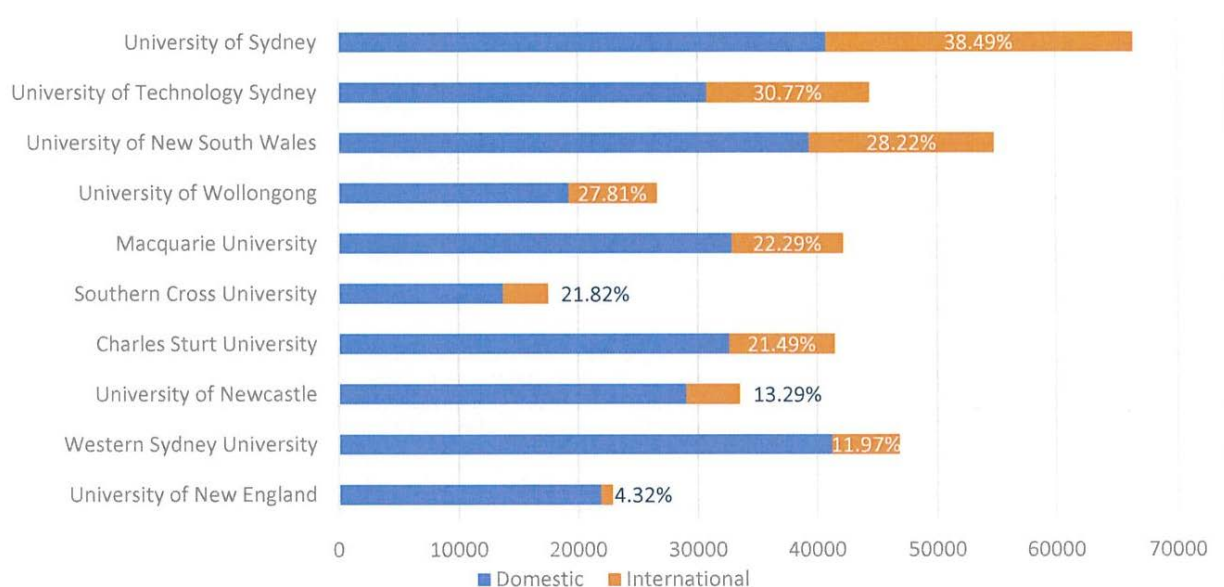
There are around 185,000 international students enrolled in NSW universities, making international education the state's second largest export – contributing \$30 million to the NSW economy each day, for a total of \$13.2 billion in 2019.¹⁵⁴ Fees from international students represented 32 per cent of total revenue for NSW universities in 2019.¹⁵⁵ However, there is growing concern about reliance on international student fees. Specifically, the inquiry received evidence of international student fees being funnelled into research activity rather than student services, alongside a tiered system where international students pay significantly more than domestic students. Furthermore, the COVID-19 pandemic has exposed vulnerabilities in the university sector.

This chapter will address the size and impact of international education, and consider whether universities are too reliant on international student fees. Secondly, it will address concerns about academic integrity and the impact of international education on local students. The chapter will conclude with consideration of the consequences of COVID-19. The broader issue of research in NSW universities is considered in Chapter 5 and student housing, including the vulnerabilities of international students, is considered in Chapter 6. The risk of foreign interference is dealt with separately in Chapter 7.

The scale of international education in NSW universities and its imperative

4.1 Many NSW universities have significant international student populations, with proportions of international students ranging from less than 10 per cent to 42 per cent.¹⁵⁶ Figure 3 provides data from 2018 on international student enrolments across NSW universities.

Figure 3 International students as a proportion to total students at NSW universities



Source: Submission 35, NSW Government, p 10, citing the Department of Education, Skills and Employment Research Snapshot from 2018.

¹⁵⁴ Submission 35, NSW Government, p 8; Submission 30, University of Technology Sydney, p 3.

¹⁵⁵ Submission 35, NSW Government, p 9.

¹⁵⁶ Submission 35, NSW Government, p 9; Answers to question on notice, University of Sydney, 12 October 2020, p 2.

- 4.2 At the University of Sydney, which has the highest proportion of international students in NSW, international student revenue was 63 per cent of the university's total revenue in 2019.¹⁵⁷ In the same year, the University of Technology Sydney (UTS) derived 40 per cent of its revenue from international student fees.¹⁵⁸

The need to supplement federal university funding with international student fees

- 4.3 The inquiry received evidence that it is necessary and largely unavoidable for universities to diversify their income stream to include significant revenue from international students. Parties to the inquiry, including universities and unions, contended that funding regimes leave universities with a shortfall that is met through international student fees. The UNSW submission stated that decreasing public funding had led to the current situation:

Indeed, the NSW Auditor General's recently released universities 2019 audits found that government grants fell from 39% of university revenue in 2015 to 31% of revenue in 2019. On a per student basis, Commonwealth Grant Scheme funding has declined from \$11,730 (in 2017 dollars) per student in 1989 to \$11,240 per student in 2017. Over the same period, student contributions increased by 140 percent. Similarly, Commonwealth Government funding for university research decreased from \$3.833 billion in 2010-11 (or 2.19% of GDP) to \$3.329 billion in 2017-18 (1.79% of GDP).¹⁵⁹

- 4.4 Dr Spence, the University of Sydney Vice-Chancellor and Principal, told the inquiry that Commonwealth funding did not cover the costs involved in teaching domestic students.¹⁶⁰

This business model, which has been in place under both political parties for many years in Australia, leaves research-intensive universities with particular funding challenges. Since the 1980s, when Australian public universities received 90 per cent of their funding from the Commonwealth, until today, when the University of Sydney earns less than 30 per cent from public sources, this shortfall has been managed across the sector with income from international students.¹⁶¹

- 4.5 Union representatives also pointed to falling federal funding for universities and their research activities to contextualise the high levels of international student enrolments. The CPSU representative, Mr Troy Wright, considered federal funding to be 'fluctuating and inadequate'¹⁶² and Dr Cahill from the NTEU cited a vicious cycle where inadequate funding made universities increasingly corporate and reliant on private income.¹⁶³ Dr Cahill expanded on his argument by explaining that international student fees were almost the sole source of revenue increase for

¹⁵⁷ Answers to question on notice, University of Sydney, p 2.

¹⁵⁸ Answers to question on notice, University of Technology Sydney, 8 October 2020, p 2.

¹⁵⁹ Submission 14, University of New South Wales, p 4.

¹⁶⁰ Submission 14, University of New South Wales, p 4.

¹⁶¹ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 3.

¹⁶² Evidence, Troy Wright, Branch Assistant Secretary, Community and Public Sector Union, New South Wales, 8 September, p 18.

¹⁶³ Evidence, Dr Damien Cahill, Assistant Secretary New South Wales, National Tertiary Education Union, 8 September 2020, p 23.

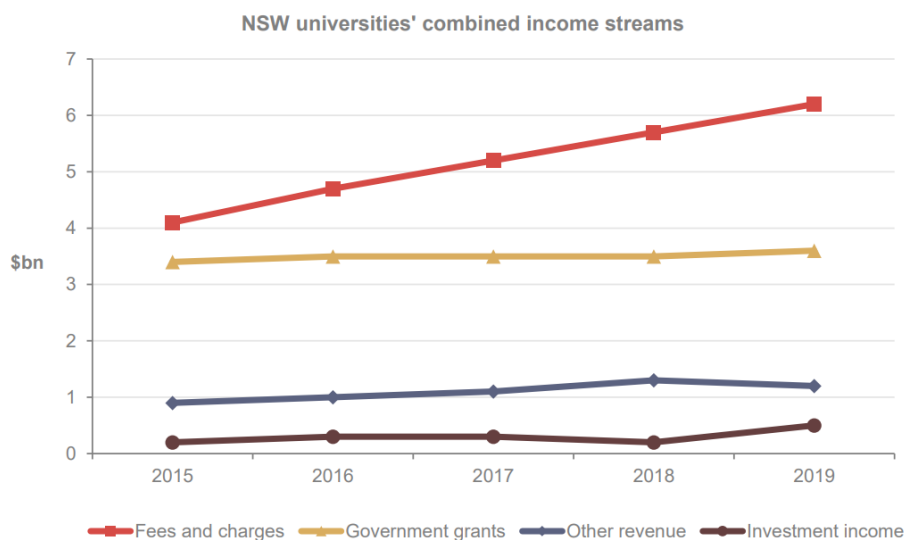
universities, and that universities were therefore incentivised to dedicate resources to securing additional international student enrolments.¹⁶⁴

4.6 By contrast, Dr Babones, Associate Professor at the University of Sydney, wrote in his submission that:

Australian universities, and particularly Group of Eight universities, turned to international students because they wanted to, not because they had to... Certainly there were infrastructure needs and other core administrative functions that could benefit from additional university revenue (and the high margins that universities seem to extract from international students).¹⁶⁵

4.7 Figures 4 and 5 compare international student fees against other sources of university funding from 2015-2019.

Figure 4 Aggregated income streams for all NSW universities from 2015-2019



Note 1: The figures used relate to the consolidated financial statements of each university, which includes their controlled entities.

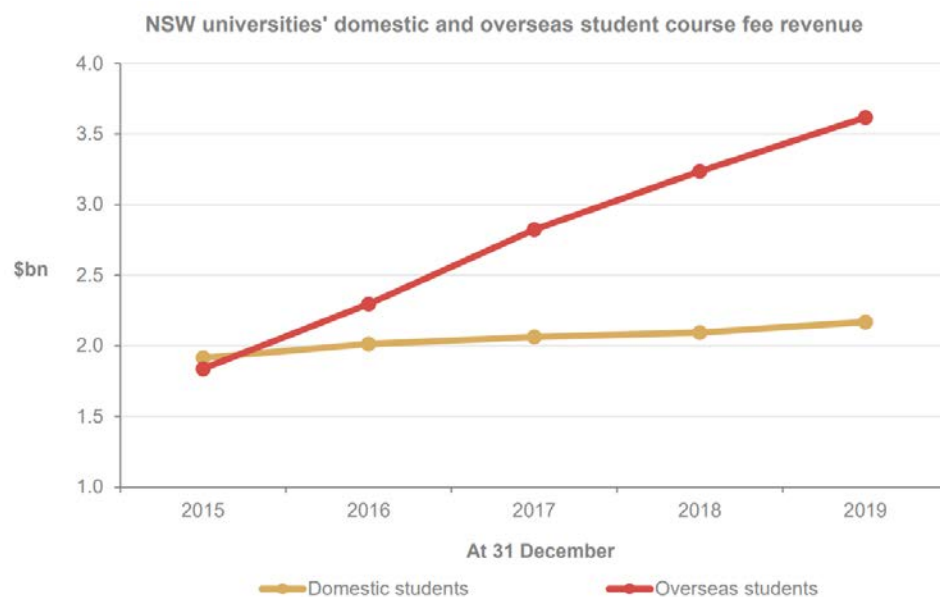
Note 2: Government grants do not include Higher Education Loan Programs, such as the Higher Education Contribution Scheme (HECS), which are included in fees and charges.

Source: University financial statements (audited).

Source: Audit Office of NSW, *Universities 2019 Audits*, p 10.

¹⁶⁴ Evidence, Dr Damien Cahill, Assistant Secretary New South Wales, National Tertiary Education Union, 8 September 2020, p 26.

¹⁶⁵ Submission 8, Dr Salvatore Babones, p 2.

Figure 5 NSW universities' overseas and domestic student fees from 2015-2019

Note 1: The figures used relate to the consolidated financial statements of each university, which includes their controlled entities.

Note 2: Revenue from domestic students includes amounts from Higher Education Loan Programs, such as HECS and excludes non-course fees and charges.

Source: University financial statements (audited).

Source: Audit Office of NSW, *Universities 2019 Audits*, p 14.

The benefits of international education to NSW

4.8 During the inquiry, university representatives spoke very favourably of the financial, economic, cultural and reputational benefits of the state's substantial international student intake. The submission from the University of Technology Sydney summarised the benefits in the following terms:

- International students build a lasting relationship with NSW and Australia, and an appreciation of Australia's peoples and cultures.
- Student spending generates economic benefits in local businesses through jobs and economic activity.
- International students represent over 38 per cent of the total tourism spend in Australia and one in four international students have family visit Australia, bringing another 300,000 visitors who spend over \$1billion in Australia each year.
- International post-graduate students make a significant contribution to high quality research and development in Australian universities, leading to new innovation, new technology and new business opportunities.
- Graduated international students can contribute to reducing skills shortages and present opportunities to retain talented and capable people in Australia.
- Universities are able to reflect the global context that organisations operate in.¹⁶⁶

¹⁶⁶ Submission 30, University of Technology Sydney, p 3.

- 4.9 The parties to the inquiry also described the broad benefits of the state's international education sector, which includes cultural exchange between students and institutions, international alumni networks, and increased reputational and diplomatic benefits for NSW and Australia.¹⁶⁷

Economic benefits

- 4.10 The NSW Government submission to the inquiry indicated that international education is NSW's second largest export industry generating \$13.2 billion in 2019 and that international students contribute to a number of sectors including hospitality and accommodation.¹⁶⁸ The submission from UTS referred to research that showed that one Australian job is created for every three international students in NSW.¹⁶⁹ UNSW further illustrated the economic contribution of the sector by placing it in the national context: international education was Australia's largest service export, worth \$39 billion in 2019 and supporting around 250,000 jobs.¹⁷⁰
- 4.11 The UNSW submission also highlighted that the international students on its campus contributed approximately \$335 million to local businesses in and around Kingsford in 2019.¹⁷¹

Issues identified in the treatment of international students in NSW

- 4.12 The evidence received from Associate Professor Berg and Associate Professor Bassina Farbenblum cited exploitation of international students in employment and housing, which they asked the committee to address.¹⁷² They referred the committee to their July 2020 research on 'International Students and Wage Theft in Australia', which calls for coordinated legal services for international students who work in Australia, particularly on campuses.¹⁷³ The issues related to housing are covered in more detail in Chapter 6.
- 4.13 It is important to note that the reputational benefits of the international education sector could be tempered when international students have negative experiences and do not receive appropriate levels of support from officials. The evidence from Dr Berg was 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...

¹⁶⁷ Submission 35, NSW Government, p 9; Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 3; Attila Brungs, Vice-Chancellor and President, University of Technology Sydney, 7 September 2020, p 6; Submission 14, University of New South Wales, p 3.

¹⁶⁸ Submission 35, NSW Government, p 8.

¹⁶⁹ Submission 30, University of Technology Sydney, p 3.

¹⁷⁰ Submission 14, University of New South Wales, p 3.

¹⁷¹ Submission 14, University of New South Wales, p 3.

¹⁷² Submission 32, Professor Bassina Farbenblum & A/Professor Laurie Berg, p 1.

¹⁷³ Submission 32, Professor Bassina Farbenblum & A/Professor Laurie Berg, p 1.

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.¹⁷⁴

What is the revenue from international student fees spent on?

4.14 The inquiry received conflicting evidence about where the revenue from international students was being invested. Several university representatives claimed that the money was being spent on university infrastructure or institutional development, including bolstering research efforts and improving student experiences.¹⁷⁵ The submissions from both UTS and UNSW stated that the income generated from the international education sector was of wider public benefit, spanning employment and uplift of Australia's quality of life.¹⁷⁶

4.15 However, Dr Babones provided evidence to suggest that the revenue was directed almost exclusively to funding research.¹⁷⁷ He told the inquiry that the way research was funded was a 'travesty' and that over the past decade Australian universities had expanded their research capacity using international student income but had not invested the revenue into the university student experience.¹⁷⁸ Dr Babones stated:

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... 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.¹⁷⁹

Is there reliance on international student fees?

4.16 A key tension in the evidence was whether there is reliance on fees paid by international students in the NSW tertiary education sector and whether this is desirable for the future development of the sector. There was a particular concern about the high-level of dependence on the Chinese student market. The submission from UTS acknowledged that international education was a

¹⁷⁴ Evidence, Laurie Berg, Associate Professor, Faculty of Law, University of Technology Sydney, 8 September 2020, pp 5-6.

¹⁷⁵ Evidence, Attila Brungs, Vice-Chancellor and President, University of Technology Sydney, 8 September 2020, p 16; Submission 30, University of Technology Sydney, p 3.

¹⁷⁶ Evidence, Ian Jacobs, President and Vice-Chancellor, University of New South Wales, p 17; Submission 30, University of Technology Sydney, p 3.

¹⁷⁷ Evidence, Dr Salvatore Babones, Associate Professor, School of Social and Political Sciences, University of Sydney, 8 September 2020, p 10.

¹⁷⁸ Evidence, Dr Salvatore Babones, Associate Professor, School of Social and Political Sciences, University of Sydney, 8 September 2020, p 10.

¹⁷⁹ Evidence, Dr Salvatore Babones, Associate Professor, School of Social and Political Sciences, University of Sydney, 8 September 2020, p 13-14.

major export industry and federal and state government support was needed to balance its risks and benefits.¹⁸⁰

Is there reliance on fees from students from particular countries?

- 4.17** The NSW Government submission indicated that the state's universities enrol a majority of their international students from a small number of countries, namely China, India and Nepal. Students from these three countries generated \$2.4 billion in revenue to NSW universities, which is roughly equivalent to the total revenue from domestic students.¹⁸¹ The submission further noted that universities with significant dependencies could be vulnerable to changes in international education demand and that there have been attempts to diversify income sources.¹⁸²
- 4.18** Dr Babones told the inquiry that in public universities in the USA, no more than 20 per cent of enrolments were international students and that the highest level of international students in private universities was 31 per cent.¹⁸³ He also highlighted the unique position of NSW and Australia in terms of international student enrolments, particularly the numbers of Chinese students:

At the end of 2019, Australian universities led the world in numbers of international students, and New South Wales led Australia. This is especially true when it comes to the recruitment of students from the People's Republic of China. According to data from the United Nations Educational, Scientific and Cultural Organisation (UNESCO), Australia was the second largest destination country for outbound Chinese tertiary students, lagging only the United States, a country thirteen times its population. Only ten universities in the entire world outside China enroll more than 5000 Chinese students, and seven of them are in Australia. Three of them are in New South Wales alone.

In fact, there are more Chinese students at the three central Sydney universities (Sydney, UNSW, UTS) than in all 33 of California's public universities combined. Among international peers, only one Canadian public university (Toronto) and no American, British, or New Zealand university comes close to the levels of dependence on international students seen in New South Wales... a high proportion of the Chinese students at North American universities are there on Ph.D. scholarships, and thus are funded by the universities, not contributing revenues to them.¹⁸⁴

- 4.19** Some universities highlighted that the broader Australian economy was heavily dependent on Chinese trade and investment for its growth.¹⁸⁵ University representatives also pointed to the large number of Chinese students studying abroad as an explanation for Australia's unique levels

¹⁸⁰ Submission 30, University of Technology Sydney, p 3.

¹⁸¹ Submission 35, NSW Government, p 10.

¹⁸² Submission 35, NSW Government, p 10.

¹⁸³ Evidence, Dr Salvatore Babones, Associate Professor, School of Social and Political Sciences, University of Sydney, 8 September 2020, p 13.

¹⁸⁴ Submission 8, Dr Salvatore Babones, p 1.

¹⁸⁵ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 17; Evidence, Ian Jacobs, President and Vice-Chancellor, University of New South Wales, 7 September 2020, p 17.

of international students.¹⁸⁶ Dr Michael Spence explained that China sends more than 1 million students overseas each year, which is three times more than any other country.¹⁸⁷ Dr Spence maintained that:

The concentration of Chinese students amongst the international students in Australia is neither internationally unusual, nor surprising. There has been a lot of talk about the relationship between Australia and China as it plays out in universities. I have to say, from our point of view, it has only been positive. We have had very high quality students and we have excellent research engagements with Chinese universities.¹⁸⁸

- 4.20** In responses to supplementary questions from the committee about the sector's reliance on international student fees particularly from China, the Department of Education stated that universities are autonomous institutions with control over their student enrolment profiles.¹⁸⁹

What are the alternatives?

- 4.21** In his submission to the inquiry, Dr Babones recommended that NSW universities be required to observe maximum international student thresholds, including specific limits on the proportion of students from particular countries.¹⁹⁰ These caps should apply at both the university-wide and course-specific level.¹⁹¹ He also recommended that NSW universities be required to make publicly available a comprehensive profile of their international student intakes by country and in each program of study.¹⁹²
- 4.22** In their responses to supplementary questions, many of the universities outlined their efforts to diversify their international student intake by broadening the number of countries from which students are enrolled and increase intakes from countries with lower representation.¹⁹³ The post-hearing responses from UOW detailed efforts to decrease the percentage of international student income from the largest source country, China. The university reduced its reliance on the Chinese student market from 42 per cent in 2015 to 26.5 per cent in 2019.¹⁹⁴
- 4.23** A couple of university representatives commented on their policies to limit international student numbers. Professor Brungs, Vice-Chancellor and President of UTS, told the inquiry that UTS

¹⁸⁶ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 17; Evidence, Ian Jacobs, President and Vice-Chancellor, University of New South Wales, 7 September 2020, p 17.

¹⁸⁷ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 17.

¹⁸⁸ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 17.

¹⁸⁹ Answers to supplementary questions, NSW Department of Education, 14 October 2020, p 12.

¹⁹⁰ Submission 8, Dr Salvatore Babones, p 4.

¹⁹¹ Submission 8, Dr Salvatore Babones, p 4.

¹⁹² Submission 8, Dr Salvatore Babones, p 4.

¹⁹³ Answers to questions on notice, University of Sydney, 12 October 2020, p 3; Answers to questions on notice, University of New South Wales, 9 October 2020, p 3; Answers to questions on notice, University of Wollongong, 8 October 2020, p 3; Answers to questions on notice, University of Technology Sydney, 8 October 2020, p 5.

¹⁹⁴ Answers to questions on notice, University of Wollongong, 8 October 2020 p 3.

caps its international students at around 30 per cent as a form of risk management and to safeguard the student experience.¹⁹⁵ Professor Skrbis advised that at the ACU international students only represented 14 per cent of the student body, and that this has level of enrolment had been debated in recent years with a focus on managing changes to the international market. Professor Skrbis observed that:

I would say that this is a bit of a wake-up call for all of us. The way in which the international market and the dependencies that it has created is impacting us now is something that we need to look at very carefully and learn from as well.¹⁹⁶

- 4.24** The submission from the CPSU recommended that the federal government uncap domestic student funding as a means of reducing reliance on international student fees.¹⁹⁷ In her evidence to the committee, Ms Shelley Odewahn argued that funding caps do not currently cover the cost of teaching and supporting domestic students, and that without reform the reliance on international student fees to fund research and teaching would continue.¹⁹⁸

The impact on the university experience of domestic students

- 4.25** The inquiry received evidence outlining concerns that domestic students were not valued as highly as their international counterparts because they did not bring as much revenue to the university sector. There was also an indication that not enough data was available on the student demographics of study programs, which would facilitate informed decision-making by students and their families about their programs of study.

- 4.26** In his evidence to the committee, Mr Troy Wright from the CPSU added to the evidence of his colleague, Ms Odewahn, cited above, advocating that the fee amounts paid by domestic and international students should be the same, and that the funding for domestic students should be uncapped:

... 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... [R]ight 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.¹⁹⁹

- 4.27** Dr Babones refuted the evidence from the universities that international education brings benefits for the education of domestic students. He told the committee members:

¹⁹⁵ Evidence, Attila Brungs, Vice-Chancellor and President, University of Technology Sydney, 7 September 2020, p 16.

¹⁹⁶ Evidence, Zlatko Skrbis, Acting Provost, Provost Portfolio, Australian Catholic University, 7 September 2020, p 25.

¹⁹⁷ Submission 37, Community and Public Sector Union, NSW Branch, p 1-2.

¹⁹⁸ Evidence, Shelley Odewahn, President of the Higher Education Representative Council, Community and Public Sector Union, New South Wales, p 26.

¹⁹⁹ Evidence, Evidence, Troy Wright, Branch Assistant Secretary, Community and Public Sector Union, New South Wales, 8 September 2020, p 26.

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...²⁰⁰

- 4.28** Dr Babones was also not satisfied that universities were providing accessible or transparent information to domestic students about the level of international student enrolment in their course. In his evidence, he outlined the type of data he deemed necessary for domestic students to have access to, including the proportion of international students and their country of origin.²⁰¹ While he commended the NSW Audit Office for providing more detail on universities than other audit offices, the latest financial audit report did not provide exact data on international student numbers and proportions, or country breakdown.²⁰²

- 4.29** Dr Spence presented the committee with evidence on student satisfaction at the University of Sydney in classes with varying proportions of domestic and international students:

In those courses that are predominantly international students, unit of study satisfaction scores amongst both international and domestic students are very high. Interestingly, if the ratios are reversed and there are mostly domestic students and just a few international students, student satisfaction scores are also very high for both domestic and international students. Where the student satisfaction scores dip is actually in what we as educators would regard as the ideal mix, where there is a decent cohort of international students but mostly domestic students in the sort of 60-40, 50-50, 70-30 range.²⁰³

Academic standards and integrity

- 4.30** The inquiry received evidence from Dr Babones that the international students in NSW universities contributed to a number of concerning issues related to academic standards and integrity. His submission and evidence canvassed problems associated with the admission, teaching and assessment processes for international students, including English-language capability, passing students who do not meet academic standards, foundational colleges as a pathway to university, and contract cheating.²⁰⁴
- 4.31** When asked to respond to the issues raised in Dr Babones' submission, Dr Spence was unequivocal in his rejection of the claim that academics were required to pass international students even where they had not met the usual academic requirements.²⁰⁵ He also disagreed

²⁰⁰ Evidence, Dr Salvatore Babones, Associate Professor, School of Social and Political Sciences, University of Sydney, 8 September 2020, p 13.

²⁰¹ Evidence, Dr Salvatore Babones, Associate Professor, School of Social and Political Sciences, University of Sydney, 8 September 2020, p 16.

²⁰² Evidence, Dr Salvatore Babones, Associate Professor, School of Social and Political Sciences, University of Sydney, 8 September 2020, p 15.

²⁰³ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 8.

²⁰⁴ Submission 8, Dr Salvatore Babones, p 4. (emphases in original)

²⁰⁵ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 7.

that there was a perverse incentive for universities to pass under-achieving international students because of the revenue derived from their study.²⁰⁶ He went on to explain the practical difficulties in administering such pressure on university faculty and staff.²⁰⁷

- 4.32** Dr Spence also advised the committee that the University of Sydney has some of the highest English language entrance requirements for its courses in the world.²⁰⁸ Dr Spence indicated that the University of Sydney was assessing the claims about language capabilities but also highlighted the importance of all students being able to cope in environments with differing levels of English ability.²⁰⁹ When pressed on the difference in pass rates between international and domestic students, Dr Spence advised that the University of Sydney has examined this issue on a number of occasions and found that international students:

... work harder and they are therefore more likely both to pass or to get a credit but they are operating in a foreign system and therefore getting a distinction or a high distinction in competition with students who are operating in their native educational system is more difficult.²¹⁰

- 4.33** Dr Spence also rejected the suggestion that there was a prevalence amongst international students in NSW universities of 'contract cheating', where students pay a third-party to complete an academic assessment on their behalf.²¹¹ He argued that contract cheating was a global issue affecting all students within the university system.²¹²
- 4.34** Dr Cahill from the NTEU told the committee that he was not aware of any decline in academic standards because of the increase in international student enrolments.²¹³

Quality and standards of foundational colleges

- 4.35** In his submission, Dr Babones also questioned the role of foundational colleges and programs designed to assist students with university pathways, including remedial English language study or meeting pre-requisites through additional study. He expressed concern about the opaque operations of these programs, the lack of public data on enrolments and subsequent progression

²⁰⁶ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 8.

²⁰⁷ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 8.

²⁰⁸ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 7-8

²⁰⁹ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 7-8

²¹⁰ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 8.

²¹¹ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 8.

²¹² Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 8.

²¹³ Evidence, Dr Damien Cahill, Assistant Secretary New South Wales, National Tertiary Education Union, 8 September 2020, p 26.

to undergraduate study, low International English Language Testing System (IELTS) scores for admission, and the lack of external scrutiny.²¹⁴

- 4.36** In response to supplementary questions from the committee, the University of Sydney, UNSW and UTS provided detail on their foundation programs, including the numbers of students, their countries of origin, IELTS requirements, and progression to degree programs.²¹⁵ For example, the response from the University of Sydney advised that Taylors College delivers the University of Sydney Foundation Program, which is a joint venture with the privately-owned Study Group Australia.²¹⁶ The admissions process is based on IELTS scores of between 5.0-6.0 and complies with the National Standards for Foundation Programs.²¹⁷ On average, 1,088 students progress from Taylors College to the University of Sydney degree programs annually.²¹⁸
- 4.37** Dr Babones' submission also cited the need to increase English language requirements based on the levels recommended by the organisation that administers IELTS, which is a minimum IELTS score of 7.0 for admission to all university courses and a higher score of 7.5 for language-intensive courses.²¹⁹ Dr Babones recommended that NSW universities be required to implement minimum admissions thresholds that reflected these IELTS scores, whether through direct admissions processes or foundational programs.²²⁰

The impact of the pandemic on international education in NSW

- 4.38** The NSW tertiary education sector, particularly universities, has experienced unprecedented and unexpected financial losses due to the COVID-19 pandemic. The UNSW submission referred the committee to an April 2020 study by the Mitchell Institute for Education and Health Policy at Victoria University that predicted that over the next three years universities could lose \$19 billion because of reduced international student numbers related to COVID-19.²²¹
- 4.39** The university representatives who provided evidence to the committee indicated that none of them were immune to the impacts of the pandemic and lower international students numbers.²²² For example, the University of Wollongong is expected to lose \$90 million in 2020²²³ and

²¹⁴ Submission 8, Dr Salvatore Babones, p 4.

²¹⁵ Answers to questions on notice, University of Sydney, 12 October 2020, p 3; Answers to questions on notice, University of New South Wales, 9 October 2020, p 3; Answers to questions on notice, University of Technology Sydney, 8 October 2020, pp 3-4.

²¹⁶ Answers to questions on notice, University of Sydney, 12 October 2020, p 3.

²¹⁷ Answers to questions on notice, University of Sydney, 12 October 2020, pp 3-4.

²¹⁸ Answers to questions on notice, University of Sydney, 12 October 2020, p 3.

²¹⁹ Submission 8, Dr Salvatore Babones, p 4.

²²⁰ Submission 8, Dr Salvatore Babones, p 4.

²²¹ Submission 14, University of New South Wales, p 3.

²²² Evidence, Zlatko Skrbis, Acting Provost, Provost Portfolio, Australian Catholic University, 7 September 2020, p 25.

²²³ Evidence, Theo Farrell, Deputy Vice-Chancellor (Education), University of Wollongong, 7 September 2020, p 21.

UNSW is anticipated to have a revenue gap of \$300-\$400 million in 2021-22.²²⁴ The UTS submission stated:

The 2020 pandemic is close to the most extreme circumstance that could be envisaged for Australia's international education market. It is likely that all universities will need to take steps to manage a significant financial impact.²²⁵

- 4.40** The NSW Government and university representatives assessed that the decline in international student revenue will have a severe negative impact on the ability of universities to conduct research.²²⁶ Universities Australia estimates that the loss of funding for research will be around \$16 billion from 2020 to 2023.²²⁷ Professor Barney Glover, Vice-Chancellor of WSU, told the committee a diminishing university research capacity could also damage the state's economy and post-pandemic recovery prospects.²²⁸
- 4.41** The inquiry heard that COVID-19 mobility restrictions had varied impacts on international students depending on where they were at the time travel bans were enforced. There were prospective and continuing students who were overseas and unable to return to Australia to study on campus. The evidence received indicates that approximately two-thirds of continuing international students have remained in Australia because they were unable to leave or concerned about the impact of leaving on their studies.²²⁹

The needs of international students in NSW and the support being provided

- 4.42** On 15 May 2020, the NSW Government announced a \$20 million support package for international students affected by the COVID-19 pandemic.²³⁰ It is estimated that \$15.5 million will be spent under the NSW International Student Temporary Crisis Accommodation Scheme.²³¹ Additional support in the package included \$110,000 to provide 50,000 free subscriptions to the My Legal Mate phone application, which provides legal information to international students; \$131,140 to support an additional solicitor at the International Student Legal Advice Service for six months; a dedicated 24-hour hotline via the NSW Government COVID-19 hotline; and \$99,000 to provide free food hampers.²³²

²²⁴ Evidence, Ian Jacobs, President and Vice-Chancellor, University of New South Wales, 7 September 2020, p 14.

²²⁵ Submission 30, University of Technology Sydney, p 3.

²²⁶ Submission 35, NSW Government, p 9.

²²⁷ Evidence, Ian Jacobs, President and Vice-Chancellor, University of New South Wales, 7 September 2020, p 5.

²²⁸ Evidence, Barney Glover, Vice-Chancellor and President, Western Sydney University, 7 September 2020, p 34.

²²⁹ Evidence, Ian Jacobs, President and Vice-Chancellor, University of New South Wales, 7 September 2020, p 14; Evidence, Associate Professor Laurie Berg, p 8.

²³⁰ Evidence, Mr Mark Scott, 8 September 2020, p 40.

²³¹ Department of Education, Questions on notice for other agencies, p 2.

²³² Department of Education, Questions on notice for other agencies, pp 2 and 5; Evidence, Mr Mark Scott, 8 September 2020, p 40; Submission 35, NSW Government, p 3.

- 4.43** When the NSW Government announced the package, there were 700,000 primary student visa holders in Australia who were registered to a NSW education provider.²³³ However, these numbers have declined weekly and in September 2020 there were only 145,000 visa holders in the same category, as students return home and are not allowed to enter or re-enter Australia.²³⁴
- 4.44** The temporary accommodation scheme provides eligible international students with up to 20 weeks of accommodation.²³⁵ The eligibility requirements are that the student must have a valid student visa to study in NSW, have lost or be at risk of losing accommodation, and have no other support.²³⁶ The NSW Government had received 5,699 applications, approved 3,846 and was processing 464 applications as at 28 September 2020.²³⁷ There were 110 applications that were declined based on ineligibility and 1,279 applications did not proceed because they were either duplicates, the students declined the offer or they did not respond to the offer.²³⁸
- 4.45** Dr Berg reported to the committee that:
- [W]e 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.²³⁹
- 4.46** In evidence, the Department of Education representatives were questioned on the adequacy of a package that only provides \$115 worth of temporary accommodation to each of the state's 185,000 international students and was less than half of what the Victorian Government had provided to its international students. Mr Scott responded to these concerns by stating that the 'funding seems to have met demand so far but we will continue to monitor that over time'.²⁴⁰
- 4.47** Some universities have offered their own support packages to their students. For example, the ACU extended financial and legal support through a Student Urgent Relief Fund, accommodation support, and tailored communication and student services.²⁴¹ In responses to questions on notice, the Department of Education informed the committee that NSW universities and other education providers had committed more than \$180 million in pandemic support to their students, both international and domestic.²⁴²

²³³ Department of Education, Questions on notice for other agencies, p 4-5.

²³⁴ Department of Education, Questions on notice for other agencies, p 4-5.

²³⁵ Evidence, Mr Mark Scott, 8 September 2020, p 42.

²³⁶ Department of Education, Questions on notice for other agencies, p 5.

²³⁷ Department of Education, Questions on notice for other agencies, p 2-3.

²³⁸ Department of Education, Questions on notice for other agencies, p 2-3.

²³⁹ Evidence, Associate Professor Berg, p 8.

²⁴⁰ Evidence, Mr Mark Scott, 8 September 2020, p 43.

²⁴¹ Submission 9, Australian Catholic University, p 6.

²⁴² Answers to questions on notice, Department of Education, p 6.

The impact on international student learning and the transition to online teaching

- 4.48** As pandemic-related public health restrictions began to take effect in Australia, many NSW universities had to rapidly move their courses online. For example, Professor Brigid Heywood noted that the University of New England transitioned all its international students who were outside Australia to online study within two weeks of the travel restrictions being implemented.²⁴³ Similarly, Dr Michael Spence told the committee that the University of Sydney felt the impacts of the pandemic early because of the travel bans affecting Chinese students and that the university placed 1,000 units of study online within two weeks.²⁴⁴ The UTS submission informed the committee that UTS also postponed subjects that required in-person interactions, and provided support in students' home country where possible.²⁴⁵
- 4.49** Professor Jacobs remarked that the quality of Australia's education system meant that many international students had been willing to commence or continue their study online. However he also expressed concern that longer-term travel restrictions could lead to further losses in international student enrolments regardless of the quality of the online offerings.²⁴⁶

The recovery of the international education sector

- 4.50** During the inquiry, the committee took evidence that universities have been developing a number of models for the staggered return of international students and the flow-on effects to university planning and budgeting. For example, the representatives of the universities provided the committee with a range of scenarios for the return of international students to campus, ranging from the first semester of 2021 if a secure travel corridor was in place by January 2021,²⁴⁷ the second semester of 2021 as the most plausible scenario,²⁴⁸ and a worst case scenario of students not returning until the end of 2021 or 2022.²⁴⁹ Professor Farrell of the University of Wollongong noted that the delay in international student arrival and enrolment could create a pipeline effect across multi-year study programs where less students in 2020 leads to a three-year impact, with revenue increases only beginning again in 2024.²⁵⁰

²⁴³ Evidence, Professor Bridget Heywood, 7 September 2020, p 40.

²⁴⁴ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 13.

²⁴⁵ Submission 30, University of Technology Sydney, p 3.

²⁴⁶ Evidence, Ian Jacobs, President and Vice-Chancellor, University of New South Wales, 7 September 2020, p 14.

²⁴⁷ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 14.

²⁴⁸ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 14.

²⁴⁹ Evidence, Attila Brungs, Vice-Chancellor and President, University of Technology Sydney, 7 September 2020, p 13; Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 14.

²⁵⁰ Evidence, Theo Farrell, Deputy Vice-Chancellor (Education), University of Wollongong, 7 September 2020, p 26; Evidence, Barney Glover, Vice-Chancellor and President, Western Sydney University, 7 September 2020, p 26.

The need for a secure travel corridor and progress on approval and implementation

- 4.51** The inquiry heard that secure corridors for approved international travel are needed to protect public health while maintaining international student access. The proposal is that international students enrolled in NSW universities would be approved to travel to NSW from locations that have been assessed as safe, and that students would be required to pass health checks and quarantine.
- 4.52** A number of university representatives acknowledged that the introduction of specific travel allowances for their overseas student would be crucial to their recovery. However, the overriding concern should be the protection of individual and community health, through appropriate quarantine measures and other safeguards, which would also facilitate public support for such schemes.²⁵¹
- 4.53** Given the substantial revenue generated by international education for both the universities and the NSW economy, priority is being placed on accelerating and managing the return of international students while maintaining public health standards. The NSW Government's effort is being led by Study NSW in close collaboration with the universities, federal government, the Department of Health and the NSW Chief Health Officer.²⁵² The NSW Government submission summarised progress as follows:

These efforts will require Commonwealth support for entry, use of safe NSW quarantine and health processes involving suitable hotel accommodation, policing, security and flight arrangements.

As at 10 May 2020, NSW has the largest cohort of current visa holders outside Australia; 48,188 student visa holders within the broad education system (22%). Approximately 30,000 of these are enrolled in NSW universities... As these students are vital to both NSW as a whole and NSW universities in particular, supporting them through the COVID-19 pandemic and helping them return to Australia afterwards are essential...²⁵³

- 4.54** The CPSU submission proposed that the NSW Government advocate at National Cabinet for a secure travel corridor to facilitate the return of international students, particularly to regional universities, and that financial subsidisation of flights and quarantine in student accommodation also be considered.²⁵⁴ While Mr Troy Wright from the CPSU maintained that the sector's reliance on international students needed to be addressed, he agreed that the need to arrange the travel for international students excluded from travel to Australia was urgent.²⁵⁵

Maintaining a competitive international education sector

- 4.55** The inquiry took evidence on the need for the NSW Government to be actively involved in ensuring that the NSW tertiary education sector remains competitive compared to counterparts

²⁵¹ Evidence, Barney Glover, Vice-Chancellor and President, Western Sydney University, 7 September 2020, p 26; Submission 9, Australian Catholic University, p 5.

²⁵² Evidence, Mr Mark Scott, 8 September 2020, p 48.

²⁵³ Submission 35, NSW Government, p 9.

²⁵⁴ Submission 37, Community and Public Sector Union, NSW Branch, p 2.

²⁵⁵ Evidence, Troy Wright, Branch Assistant Secretary, Community and Public Sector Union, New South Wales, 8 September 2020, p 18.

within Australia and internationally. These parties also noted that other governments have been proactive in securing future international student enrolments. Parties to the inquiry advocated for increased NSW Government support for the marketing of the state as an educational destination, specifically that Study NSW needed to be properly resourced and fit for purpose.²⁵⁶

- 4.56** Interstate and international competition was highlighted as a key area for the NSW Government to take a greater role. Concern was expressed that NSW could be negatively impacted if effective measures were not implemented.²⁵⁷ For example, Mr Wright stated:

I have grave concerns New South Wales is going to be left behind... 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.²⁵⁸

- 4.57** In his evidence, Professor Jacobs observed that countries such as the USA, United Kingdom and Canada were making a concerted effort to increase their international student enrolments.²⁵⁹ Professor Glover agreed and noted that:

... the UK certainly seems to be ramping up its efforts to open safe corridors around the world for their universities... I see Canada has been operating very appropriately but aggressively in the market for some time in relation to international student recruitment...

New Zealand and Australia are very fortunate. We are being seen as very secure and safe, certainly from the COVID response perspective, which I think is important to parents when they are thinking about where their students might be studying...²⁶⁰

- 4.58** Dr Spence told the committee that the University of Sydney experience showed that demand for international education was resilient in the face of significant challenges during the pandemic.²⁶¹

Will NSW universities begin to 'cannibalise' enrolments of domestic students?

- 4.59** On 5 September 2020, *The Australian* published an article by Professor Greg Craven AO, Vice-Chancellor and President of the Australian Catholic University, entitled 'Break in supply

²⁵⁶ Submission 14, University of New South Wales, p 8; Evidence, Evidence, Troy Wright, Branch Assistant Secretary, Community and Public Sector Union, New South Wales, 8 September 2020 pp 18 and 25.

²⁵⁷ Submission 14, University of New South Wales, p 8; Evidence, Evidence, Troy Wright, Branch Assistant Secretary, Community and Public Sector Union, New South Wales, 8 September 2020, p 18.

²⁵⁸ Evidence, Evidence, Troy Wright, Branch Assistant Secretary, Community and Public Sector Union, New South Wales, 8 September 2020, p 25.

²⁵⁹ Evidence, Ian Jacobs, President and Vice-Chancellor, University of New South Wales, 7 September 2020, p 14.

²⁶⁰ Evidence, Barney Glover, Vice-Chancellor and President, Western Sydney University, 7 September 2020, p 26.

²⁶¹ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 13.

chain means elite unis struggle to survive'.²⁶² The committee questioned witnesses on the arguments made by Professor Craven in his article.

- 4.60** The article cautioned against reform that could allow universities that had been heavily reliant on international student enrolment to increase their domestic student enrolment as a means of making up losses, at the expense of other universities. A key tenet of the argument is summarised in the Australian Catholic University's submission:

As universities cast around to plug the gaping holes in their revenue streams, it is important for the integrity and sustainability of the sector that governments do not alter policy settings to allow “elite” universities to act in an opportunistic manner, for example by cannibalising the enrolments of mid-tier “working” universities. Avoiding such behaviour will ensure the viability of the current structure of the sector, which encourages the existence of a diversity of institutions that serve a diversity of communities and constituencies.²⁶³

- 4.61** When asked about their reaction to the article, the representatives from the University of Sydney and UNSW, as members of Australia's Group of Eight universities, objected to the suggestion that this would happen or that it was financially attractive for their universities to do so. Both Dr Spence and Professor Jacobs noted that Commonwealth Supported Places for domestic students are capped by the Australian Government and that there was little to no financial incentive to enrol domestic students above the government cap because teaching domestic students was not profitable.²⁶⁴

Committee comment

- 4.62** NSW universities with high levels of overseas student income have over-exposed themselves to financial risks, which may have come from a COVID-type event or major Asian economic downturn. The financial consequences of COVID have demonstrated the need for a sensible upper-level limit on overseas student income reliance.
- 4.63** There are clear and obvious benefits from a large international student population in Australia. It provides enormous opportunities for cultural and inter-personal exchanges and enriches our collective engagement with the world. Second, it provides very real economic benefits from the income generated by students and their families who visit in the short term and the longer term economic connections that occur between international graduates and Australia over time.
- 4.64** However a reliance on income from overseas students sees our universities very vulnerable to external diplomatic and economic shocks as well as the obvious impact from travel restrictions in the event of a pandemic or similar international crisis.
- 4.65** Universities have failed to be transparent in making a public interest case for why the overseas student income/research funding cross-subsidy model should be pursued.

²⁶² Greg Craven, 'Break in supply chain means elite unis struggle to survive', *The Australian*, 5 September 2020.

²⁶³ Submission 9, Australian Catholic University, p 5.

²⁶⁴ Evidence, Dr Michael Spence, Vice-Chancellor and Principal, University of Sydney, 7 September 2020, p 5; Evidence, Ian Jacobs, President and Vice-Chancellor, University of New South Wales, 7 September 2020, p 5.

- 4.66** The Committee is concerned by evidence that reliance on overseas student income is contributing to weaker university standards, particularly in necessary English language skills. Higher education must be based on high academic and teaching skills, not a basic certification approach aimed at maximising revenue.
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Recommendation 21

That the New South Wales government engage with universities and the Federal Government to develop a means by which New South Wales universities can diversify their revenue base to avoid any potential over reliance on foreign students and particular source countries.

Recommendation 22

That the NSW Government extend the powers of the New South Wales Auditor-General to audit the state's international education sector and make recommendations to universities as part of their annual audit of university finances, especially concerning risk management, income diversification, economic resilience, and reliance on international student income.

Recommendation 23

That the NSW Government require NSW universities to publish comprehensive international student data by course, country and study program through the NSW Auditor-General audits and annual reporting to the responsible NSW Minister.

Recommendation 24

That the NSW Government advocate to the Federal Government to investigate requiring universities to implement a minimum independently-assessed IELTS standard of 7.0 for admission to all university courses, and increasing the requirement to 7.5 for language-intensive courses.

Recommendation 25

That the NSW Government investigate the use of foundations programs at universities, to ensure that they are fulfilling their mission.

Chapter 5 The quality of research, teaching and learning in the NSW tertiary sector

Research distinguishes universities from other institutions providing tertiary education. Every Australian university is required by the *Higher Education Standards Framework (Threshold Standards) 2015* to undertake research and offer Masters and Doctoral research degrees in at least three fields.²⁶⁵ The inquiry received evidence about the importance of university research to the creation of public benefits, through innovation, deep investigations and locally relevant projects. This chapter considers the funding of research activity in NSW universities, including evidence about inadequate public funding and the need for research to be given a higher priority.²⁶⁶ This chapter also considers whether research rankings are inflated and the impact that a research-focus has on teaching.

Secondly, the chapter canvasses issues related to teaching and learning in NSW, including the imperative to shift toward virtual universities and online learning during the pandemic and other innovative models for delivering tertiary education. The role of research in driving economic development is covered in Chapter 2 and the cross-subsidisation of research funding through revenue from international student fees is considered in Chapter 4.

The value of research conducted by NSW universities

- 5.1** The NSW Government submission outlined that research and development conducted by NSW universities is central to innovation, job creation and improved social outcomes in the state.²⁶⁷ Nationally, universities undertake 46 per cent of all applied research.²⁶⁸ The NSW Government submission cited a Universities Australia report that found that by 2050 between \$5 and \$10 of value would be generated for every dollar invested into research at UNSW alone.²⁶⁹
- 5.2** Parties to the inquiry highlighted that the research conducted by NSW universities facilitates local problem-solving and international engagement that creates public benefit in NSW and Australia.²⁷⁰ A number of university representatives also emphasised the need to conduct research in NSW to solve the issues being faced in local communities.²⁷¹ Professor Attila Brungs, Vice-Chancellor and President of University of Technology Sydney (UTS), told the committee about the risks posed by underfunding research, which include the diminishing of niche research projects that are highly-specific to NSW communities.²⁷² He gave the example of research at UTS to develop a robot that monitors sharks to increase beach safety. He argued that this

²⁶⁵ Dr Hazel Ferguson, 'University research funding: a quick guide' (Research Paper, Parliamentary Library, Parliament of Australia, 24 April 2019), citing *Higher Education Framework (Threshold Standards) 2015* (Cth) pt B.1.2.3.

²⁶⁶ Evidence, Dr Michael Spence, Vice-Chancellor and Principal of University of Sydney, 7 September 2020, p 8.

²⁶⁷ Submission 35, NSW Government, pp 5-6.

²⁶⁸ Submission 35, NSW Government, p 12.

²⁶⁹ Submission 35, NSW Government, p 6.

²⁷⁰ Evidence, Professor Attila Brungs, Vice-Chancellor and President of University of Technology Sydney, 7 September 2020, pp 6 and 17.

²⁷¹ Evidence, Dr Spence, 7 September 2020, p 6.

²⁷² Evidence, Professor Brungs, 7 September 2020, p 6.

project was unique to NSW and Australian communities and that no other country would fund such work in collaboration with local communities around Dee Why and other coastal areas.²⁷³

- 5.3** The research conducted by smaller, regional universities is also critical to the creation of locally-relevant technologies and knowledge that could strengthen communities. The committee was provided with examples of important research that contributed to local industry and economies, including the Charles Sturt University Graham Centre for research into grain production, red meat and viticulture; the Southern Cross University National Centre for Flood Research at Lismore; and the University of Wollongong research hub for Australian steel manufacturing.²⁷⁴
- 5.4** High-quality applied research also creates opportunities to increase economic, industrial and technology capacities that can lead to trade and investment opportunities. Dr Michael Spence, Vice-Chancellor and Principal of the University of Sydney, outlined to the inquiry how research and development at the University of Sydney has produced the 'world's only effective end-of-life plastics recycling technology', which will now be produced in England, Germany, Austria, Canada and East Timor.²⁷⁵

NSW Government initiatives to support the state's research capacity

- 5.5** The NSW Government submission advised the committee of various new and existing initiatives to support university research, including:
- The Research Attraction and Acceleration Program (RAAP), which is an annual fund that offers funding to support innovation and investment in research and development capacity in NSW. Competitive grants are the primary means of allocating the funding, which is then used to leverage additional funds from other national and international bodies. In 2019-20, \$16.2 million was allocated to the RAAP.
 - The Accelerating Research & Development in NSW Advisory Council (ARDAC), which considers ways to best support and ensure maximum benefit from the NSW Government's research and development activity.
 - The Department of Education's Strategic Research Fund, which is designed to leverage and translate university research expertise against strategic priorities for public benefit.
 - The NSW Public Policy Institute, which is as an independent organisation operated by a consortia of the University of Sydney, UTS and Western Sydney University (WSU). The Institute conducts public policy research to improve social, environmental, cultural and economic outcomes in NSW, and increase collaboration between government and universities.
 - The Waratah Research Network (WRN), which is a new forum for government, universities and researchers to progress state priorities and emerging issues through research.²⁷⁶

²⁷³ Evidence, Professor Brungs, 7 September 2020, p 6.

²⁷⁴ Submission 23, University of New England, p 3; Submission 37, Community and Public Sector Union, NSW Branch, p 14; Evidence, Mr Troy Wright, Branch Assistant Secretary, Community and Public Sector Union New South Wales, 8 September 2020, p 22.

²⁷⁵ Evidence, Dr Spence, 7 September 2020, p 6.

²⁷⁶ Submission 35, NSW Government, pp 1-4.

The funding of research activity

- 5.6 Australia Bureau of Statistics data from 2018 shows that 56 per cent of Australia's higher education expenditure on research and development (as defined by HERD) was funded from general university funds, while the Federal Government contributed 16 per cent.²⁷⁷ Over the past decade, the proportion of general university funds allocated to HERD has been increasing.²⁷⁸
- 5.7 The submission from the NSW Government advised the committee that NSW universities received 29 per cent of total Australian research income and funding in 2018, but that NSW receives less than other jurisdictions in terms of its population share.²⁷⁹
- 5.8 University representatives also expressed more general concern about the lack of funding for research in Australia and how this may affect the capacity of universities to undertake important research. For example, Dr Michael Spence stated:

Research in Australia is significantly underfunded. For every dollar in research grants that we get from the Government, we need to find somewhere between \$1.50 and \$1.75... This is very different to the [United Kingdom] system that I will be going to, where you get 88p in the pound for research funding.²⁸⁰

- 5.9 University representatives spoke of the range of funding sources they use to supplement research funding, including philanthropy, industry partnerships and international student fees.²⁸¹ Dr Damien Cahill, Division Assistant Secretary of the National Tertiary Education Union (NTEU), gave evidence that universities have become more corporatised and reliant upon private sources of income because federal funding does not cover the full costs of research.²⁸² However, Professor Ian Jacobs, Vice-Chancellor and President of UNSW, told the committee that:

A mixed portfolio of funding is exactly what any nation wants in order to get the full benefits in terms of jobs, economic growth, opportunities, intellectual benefit and social progress... so a sensible balance is good.²⁸³

Impact of the COVID-19 pandemic on research activities and research funding

- 5.10 The committee heard evidence that the COVID-19 pandemic has had broad-ranging impacts on research activity in NSW universities, including postponed research, job losses and further funding shortages. The loss of revenue experienced by universities will have a negative effect

²⁷⁷ Submission 35, NSW Government p 12.

²⁷⁸ Submission 35, NSW Government 12.

²⁷⁹ Submission 35, NSW Government page 11.

²⁸⁰ Evidence, Dr Spence, 7 September 2020, p 5.

²⁸¹ Evidence, Dr Spence, 7 September 2020, p 5; Evidence, Professor Ian Jacobs, President and Vice-Chancellor, University of New South Wales, 7 September 2020, p 5; Evidence, Professor Brungs, 7 September 2020, p 6.

²⁸² Evidence, Dr Damien Cahill, Assistant Secretary New South Wales, National Tertiary Education Union, 8 September 2020, p 24.

²⁸³ Evidence, Professor Jacobs, 7 September 2020, p 5.

on the quality and quantity of future research activities.²⁸⁴ The effectiveness of research and development efforts, international collaborations, and knowledge transfer has also been reduced because of travel restrictions and university shutdowns.²⁸⁵

- 5.11** The Rapid Research Information Forum estimates that 7,000 research-related jobs will be lost in Australian universities.²⁸⁶ Given that domestic and international postgraduate students represent 57 per cent of the research and development workforce in universities, the travel and financial barriers resulting from the pandemic are expected to further constrain research activity and outputs.
- 5.12** In evidence to the committee, university representatives advised that they had been able to insulate COVID-19 related research from funding cuts and disruption.²⁸⁷ Other medical research laboratories that were not focused on COVID-19 research had to be closed, which delayed critical research and future advances in other fields of medicine.²⁸⁸
- 5.13** The NSW Government submission advised that there are likely to be further negative impacts on regional universities following the pandemic because many institutes and Cooperative Research Centres were affected.²⁸⁹

The value of international rankings and the balance between research and teaching

- 5.14** The research and teaching efforts of NSW universities are highly regarded according to several external measures and rankings, including the Academic Ranking of World Universities (ARWU), Times Higher Education (THE) and Quacquarelli Symonds (QS).²⁹⁰ The national research evaluation framework, Excellence in Research for Australia, indicates that 67 per cent of research disciplines at NSW universities were rated as being 'above' or 'well above' world standards. The state's universities have particular strengths in the fields of science, technology, engineering and mathematics, with nine out of the ten universities ranked 'above' or 'well above' world standard.²⁹¹

²⁸⁴ Evidence, Professor Jacobs, 7 September 2020, p 5.

²⁸⁵ Submission 35, NSW Government, p 12.

²⁸⁶ Submission 35, NSW Government, p 12.

²⁸⁷ Evidence, Professor Jacobs, 7 September 2020, p 5; Evidence, Dr Spence, 7 September 2020, p 6.

²⁸⁸ Submission 35, NSW Government, p 12.

²⁸⁹ Submission 35, NSW Government, p 12.

²⁹⁰ Submission 35, NSW Government, p 11.

²⁹¹ Submission 35, NSW Government, p 11.

- 5.15** Dr Cahill from the NTEU observed that global rankings can function as proxies for the standing and quality of a university.²⁹² However, Dr Salvatore Babones, Associate Professor at the University of Sydney, told the committee that these rankings were inflated through targeted recruitment of highly cited researchers rather than being achieved organically by improving research management.²⁹³ He stated that:

... 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...²⁹⁴

- 5.16** Dr Babones advised the committee that the number of research only academics had increased by 22.5 per cent in Australia between 2010 and 2020 and argued that this compromised student access to the cutting-edge research being pursued by universities.²⁹⁵ He provide DESE *uCube* data from 2020 which showed that UNSW had 1,615 research-only staff and the University of Sydney had 1,386.²⁹⁶ Dr Babones also told the committee about his experience of the lower value given to teaching:

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.²⁹⁷

Teaching and learning in NSW universities

- 5.17** The NSW Government submission cited data that the majority of NSW university graduates report overall satisfaction with their institutions, which in 2018 and 2019 ranged from 76.1 per cent at the University of Sydney to 85.4 per cent at the University of New England.²⁹⁸ However, many parties to the inquiry indicated the need to look for alternative models of delivering tertiary education to better prepare the state for the future of work and study, and potential disruptions like the COVID-19 pandemic, including de-centralised study and offshore campuses.²⁹⁹

²⁹² Evidence, Dr Cahill, 8 September 2020, p 22.

²⁹³ Evidence, Dr Salvatore Babones, Associate Professor at the University of Sydney, 8 September 2020, p 11.

²⁹⁴ Evidence, Dr Babones, 8 September 2020, pp 10-11.

²⁹⁵ Answers to questions on notice, Dr Salvatore Babones, Associate Professor at the University of Sydney, 18 September 2020, p 2; Submission 8, Dr Salvatore Babones, p 3.

²⁹⁶ Answers to questions on notice, Dr Babones, p 4.

²⁹⁷ Evidence, Dr Babones, 8 September 2020, p 14.

²⁹⁸ Submission 35, NSW Government, p 11.

²⁹⁹ Submission 31, Alphacrucis College, p 18; Evidence, Professor Theo Farrell, Deputy Vice-Chancellor (Education) of the University of Wollongong, 7 September 2020, p 28; Evidence, Professor Barney Glover, Vice-Chancellor of Western Sydney University, 7 September 2020, p 28; Answers to questions on notice, University of Wollongong, 8 October 2020, p 1.

Case study The Alphacrucis Hub Model

The Alphacrucis Hub Model seeks to transform vocational training and tertiary education for teachers by delivering programs in regional schools. A key feature of the model is that it integrates training and study across all Australian Qualification Framework (AQF) levels from Certificate II to doctoral programs, and allow schools to sponsor annual cohorts of quality pre-service teachers with clinical training provided from the start of training. The model enables a tertiary-industrial partnership approach to teacher training, with appreciation of regional knowledge and school ethos. Importantly the model does not require a centralised university campus, significant infrastructure investment, or high population density. The Hub model involves:

- A consortium of schools based on geographical proximity and/or ethos with 3,000-10,000 school student enrolments
- A bonded, long-term Memorandum of Understanding between the tertiary/VET provider and the schools to deliver Certificate II to PhD courses at the school using a blended model of intensives and online learning
- A large-scale VET in schools program that maps VET curriculum and develops individualised education pathways for students, which provides early trade qualifications, alternative university entry opportunities and direct industry experience
- An Initial Teacher Education program with 8-30 candidates screened by both the tertiary provider and local schools
- A commitment from the school cluster to sponsor at least 50 per cent of the clinical teaching training costs and provide at least 1 day of paid teaching assistant placement
- Higher degree opportunities (Masters in Leaderships and/or Education, PhD) for senior teachers within the cluster, and ongoing professional development
- Employment of a designated regional director provided by the tertiary partner
- A longitudinal programme evaluation by an external tertiary institution
- The development of a learning ecology that can provide VET certificates to the community by utilising existing infrastructure
- The establishment of Hub business partnerships that facilitate work placements, connect entrepreneurs, and allow input from industry to training requirements.

The model began trials with St. Philips Christian College in the Hunter and Central Coast regions in 2018 and has since expanded to the Sydney-based Teaching School Alliance. Alphacrucis College has 200 students enrolled in formal teaching qualifications, with 29 graduates in 2019-20 from Bachelor and Masters level programs. All programs are accredited by TEQSA and the NSW Education Standards Authority (NESA), and compliant with teacher registration processes.

Alphacrucis recommended that the NSW Government consider an initial trial of three Hubs (one each public, Catholic and independent) for two years at a cost of around \$2.7 million. They estimated that the benefit of their model could be up to \$1.28 billion if rolled out across Australia and \$746 million

for regional Australia. Alphacrucis College estimates that 32 per cent of all teacher training could be delivered through this type of model.

* Answers to questions on notice, Alphacrucis College, 8 October 2020; Submission 31, Alphacrucis College; Evidence, Reverend Dr David Perry, Vice-President, Alphacrucis College; Evidence, Mr Nick Jensen, Political Liaison, Alphacrucis College.

Virtual universities and the future of online learning

- 5.18** In response to the pandemic-related public health measures in early 2020, many universities and tertiary education providers needed to rapidly transition to online delivery of their course offerings, including classes and assessments.³⁰⁰ Some practical components of courses such as laboratory work and applied research had to be postponed.³⁰¹ Although the pandemic caused significant disruption to the learning of many tertiary students, it has also demonstrated the possibilities and potential for alternative models of tertiary education service delivery that are less reliant on attendance at a central campus. A side-effect of the pandemic has been increased acceptance and engagement with online education, which is expected to lead to more online and blended modes of education.³⁰² With the easing of COVID-19 restrictions in NSW, universities have been transitioning back to aspects of in-person instruction.³⁰³
- 5.19** The submission from the University of New England highlighted that the university has been delivering distance education since the 1950s and that online learning is a core function, with 80 per cent of students studying online.³⁰⁴ In responses to questions on notice, the committee was advised of innovative approaches to online teaching and learning in NSW universities. For example:
- The University of Wollongong developed a program on preparing to teach online to support staff in their transition to online teaching. The training webinars were attended by 2,500 staff and the online program resources were accessed 150,000 times.³⁰⁵
 - The University of Sydney introduced a peer support program where continuing students are paired with new students via regular Zoom calls, and hosted a Student Innovation Challenge to facilitate skills development and networking in online forums.³⁰⁶
 - The UNSW School of Electrical Engineering and Telecommunications devised a way to replicate the lab experience on Microsoft Teams, an online collaboration platform, so that students have a similar experience to what they have on campus.³⁰⁷

³⁰⁰ Answers to questions on notice, University of New South Wales, 9 October 2020, p 4.

³⁰¹ Answers to questions on notice, University of New South Wales, p 4.

³⁰² Evidence, Professor Jacobs, 7 September 2020, p 14.

³⁰³ Answers to questions on notice, University of New South Wales, p 4.

³⁰⁴ Submission 23, University of New England, pp 4-5.

³⁰⁵ Answers to questions on notice, University of Wollongong, p 4.

³⁰⁶ Answers to questions on notice, University of Sydney, 12 October 2020, p 5.

³⁰⁷ Answers to questions on notice, University of New South Wales, p 4.

- The University of Technology Sydney established online learning centres in China and Vietnam to assist their students who were unable to return to Australia for their studies.³⁰⁸

5.20 However, the committee received evidence of issues related to the equity and security of online education. The submission from the Country Universities Centre stated that opportunity, access and support were key challenges for students studying online, particularly in regional areas where there is poor internet connectivity.³⁰⁹ The submission told the inquiry that the pandemic has exacerbated barriers to online education.³¹⁰

Privacy and security concerns related to online assessments

5.21 During the inquiry, the committee received evidence about the use of online assessment technologies by some NSW universities, and the related privacy and online security issues. The terms invigilation or proctoring are used to refer to the official supervision of students undertaking an assessment or examination. Online invigilation can involve biometric recognition to confirm the identity of the student, keystroke monitoring, proctors or invigilation supervisors to monitor the progress of an examination as a whole, and other tools to monitor the activity of students during assessment.³¹¹ Several NSW universities have used ProctorU, a program that provides online invigilation for exams and assessments conducted by academic organisations. The committee heard evidence that some institutions using ProctorU had experienced a significant data breach.³¹² For certain ProctorU services, the program gains access to the student's device and its camera.³¹³

5.22 The NSW universities that have used ProctorU include Western Sydney University, the Australian Catholic University and the University of New England. In the evidence of the representatives of these universities and in responses to questions on notice, the committee was advised that due diligence had been undertaken in relation to the use of ProctorU's services.³¹⁴ Professor Glover, Vice-Chancellor of Western Sydney University, acknowledged the concerns about safety and stated that the university's management was confident that the risks were being managed through the contractual arrangements with ProctorU and the universities information technology and data services team.³¹⁵ The answers to questions on notice from Professor Skrbis from the Australian Catholic University told the committee that ProctorU's response to the data breach would be a key consideration for the university's potential future service contracts.³¹⁶

³⁰⁸ Answers to questions on notice, University of Technology Sydney, 8 October 2020, p 5.

³⁰⁹ Submission 11, Country Universities Centre, p 23.

³¹⁰ Submission 11, Country Universities Centre, p 23.

³¹¹ Evidence, Professor Brigid Heywood, Vice-Chancellor and CEO, University of New England, 7 September 2020, p 41.

³¹² Anna Patty, 'Hackers hit university online exam tool', *Sydney Morning Herald*, 6 August 2020, <https://www.smh.com.au/national/hackers-hit-university-online-exam-tool-20200806-p55j6h.html>.

³¹³ Answers to questions on notice, Australian Catholic University, 9 October 2020, p 4.

³¹⁴ Evidence, Professor Glover, 7 September 2020, p 33; Evidence, Professor Heywood, 7 September 2020, p 41; Answers to questions on notice, Australian Catholic University, 9 October 2020, p 4; Answers to questions on notice, University of New England, 9 October 2020, p 1.

³¹⁵ Evidence, Professor Glover, 7 September 2020, p 33.

³¹⁶ Answers to questions on notice, Australian Catholic University, p 4.

- 5.23** However, during the hearing on 7 September 2020, concerns were raised about the ability of Australian privacy regulations to protect student's biometric and personal data when it was stored offshore by a third party.³¹⁷ When asked whether universities had a special obligation to ensure that control over such personal information is not granted to a third party who could store the data offshore, Professor Bridget Heywood stated that all Australian institutions have an absolute responsibility to protect personal information, and that universities are good at this.³¹⁸ In responses to questions on notice, the committee was advised that in future procurement processes the University of New England would prioritise feedback from students, options for data storage in Australia, and review the options for control and management of personal information.³¹⁹
- 5.24** By contrast, the submission from the Isolated Children's Parents' Association told the inquiry that ProctorU was very insecure and allowed ProctorU to access the Wi-Fi history of all users in the home.³²⁰ The submission also highlighted concerns about the need to sign a waiver that released the university from liability for any security breaches or losses related to the use of ProctorU.³²¹ The submission also cited anecdotal evidence that Western Sydney University students needed to use the system or go without online learning despite a petition against ProctorU usage with 5,000 signatures.³²² At the University of New England, students are able to request alternative examination options on the basis of privacy concerns, access to technology or facilities or other personal preference.³²³
- 5.25** A number of university representatives who appeared before the inquiry advised that they had been moving away from examinations as much as possible given the impact of COVID-19, particularly online invigilation.³²⁴ However, in some professional fields, invigilated exams remain critical and cannot be avoided.³²⁵ Some universities have trialled or used other online platforms such as Examity, Inspira and Zoom.³²⁶

The shift toward lifelong learning

- 5.26** Parties to the inquiry told the committee about an important shift toward universities providing lifelong learning and provided detail about how well placed NSW universities were to provide

³¹⁷ Evidence, Professor Heywood, 7 September 2020, pp 41-42.

³¹⁸ Evidence, Professor Heywood, 7 September 2020, p 42.

³¹⁹ Answers to questions on notice, University of New England, p 1.

³²⁰ Submission 25, Isolated Children's Parents' Association, p 6.

³²¹ Submission 25, Isolated Children's Parents' Association, p 6.

³²² Submission 25, Isolated Children's Parents' Association, p 6.

³²³ Answers to questions on notice, University of New England p 1.

³²⁴ Evidence, Professor Glover, 7 September 2020, p 33; Answers to questions on notice, University of New South Wales, p 4.

³²⁵ Evidence, Professor Glover, 7 September 2020, p 33.

³²⁶ Evidence, Professor Janelle Wheat, Acting Deputy Vice-Chancellor and Provost, Charles Sturt University, 7 September 2020, p 41; Answers to questions on notice, University of New South Wales, p 4.

such an educational experience.³²⁷ For example, UNSW is preparing to offer tailored, flexible ‘lifelong learning’, including micro-credentials, for all ages.³²⁸ Professor Ian Jacobs stated:

If you take a long-term view, the nineteenth century was the century of primary education for everyone; the twentieth century was the century of secondary education for everyone across the globe; and the twenty-first century will be the century for tertiary education for a very large proportion of the global population. Australia is beautifully poised to respond to that, perhaps providing much more of it, virtually and from a distance, than we have done face to face. All of that feeds into making sure that our universities have balanced portfolio funding.³²⁹

- 5.27** The UTS submission indicated that the lifelong learning approach was fundamentally shifting the university's operating model to focus on providing personalised learning experiences throughout the span of a career and lifetime.³³⁰ This will ensure that university students can develop the skills they need, at the time they need them, using a delivery mode that suits their personal and professional needs.³³¹

Committee comment

- 5.28** The NSW Government and Department of Education have initiated several worthy programs in support of the university sector, but several remain a work-in-progress (such as the Waratah Research Network and long-delayed NSW Public Policy Institute).
- 5.29** The impact of COVID-19 means that alternative ways of delivering higher education need to be carefully considered by the NSW Government, including innovative approaches such as the Alphacrucis Hub model. However, where new approaches are adopted it is important that the NSW Government ensure that the appropriate protections are in place. The committee was concerned to receive evidence about the privacy breaches related to online assessment tools that were in use by NSW universities.

Recommendation 26

That the NSW Government consider funding all or part of the Alphacrucis Hub model proposal.

Recommendation 27

That the NSW Government collaborate with tertiary education providers to ensure compliance with privacy laws in the use of online learning and assessment tools.

³²⁷ Evidence, Professor Farrell, 7 September 2020, p 22; Submission 30, University of Technology Sydney, pp 1, 8, 9; Answers to questions on notice, University of New South Wales, p 5.

³²⁸ Answers to questions on notice, University of New South Wales, p 5.

³²⁹ Evidence, Professor Jacobs, 7 September 2020, p 14.

³³⁰ Submission 30, University of Technology Sydney, p 1.

³³¹ Submission 30, University of Technology Sydney, p 9.

Chapter 6 Campus life and freedoms

This chapter outlines the evidence received about the quality of campus life at NSW universities and areas of concern where additional protections may be required. A critical issue considered by the inquiry was the conditions and freedoms enjoyed by those who are part of university communities. This included student housing and the freedom of expression enjoyed by academic staff and students. The inquiry also highlighted the need for better protection and enforcement of the rights and freedoms of students in relation to housing, physical safety, disciplinary action, and public interest disclosures.

The issues canvassed in this chapter are related to the conditions on university campuses that have general applicability to all users of NSW universities. The more specific issue of foreign interference on university campuses is explored in Chapter 7. Chapter 4 addresses the questions on international education and the experience of international students beyond housing.

Maintaining vibrant campuses and providing positive student experiences

- 6.1** The quality of campus life, and the experience of students and staff of tertiary education providers, is affected by many factors outside of teaching rooms. The elements that can foster a thriving campus culture and a positive experience of tertiary education include student activities and clubs, freedom of speech and expression, financial and housing stability, safety, and due process for disciplinary action.
- 6.2** During the inquiry, the committee took evidence from a range of parties about the range of services and activities universities provide to students, and the priority placed on creating a positive experience. For example:
- The *Western Sydney University Strategic Plan 2018-2020: Student-centredness that integrates academic and professional opportunity with personal support* places as its first objective the primacy of the student experience.³³²
 - The University of Sydney Union has over 250 clubs and societies, bringing together students to celebrate their culture, indulge in food, discuss their interests, develop a professional network and more.³³³
 - The submission from the University of Technology Sydney noted that many students, particularly undergraduates, value the campus experience, including face-to-face teaching. The submission indicated that the university provides a high quality campus experience by providing students with a range of options to cater to their interests and responding to student views on the campus experience. Campus activities include sports and social groups, spaces to meet and study, and wellbeing services.³³⁴
- 6.3** The unions shared the view that NSW campuses were doing well, despite funding cuts and workload pressures, and that services available to students had increased. Dr Cahill from the National Tertiary Education Union advised:

³³² Submission 17, Western Sydney University, p 19 (emphasis in original).

³³³ Submission 15, University of Sydney, p 6.

³³⁴ Submission 30, University of Technology Sydney, p 6.

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.³³⁵

6.4 Ms Shelley Odewahn from the Community and Public Sector Union observed:

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... [A]ll sorts of health services and support services are available to students that certainly were not available 20 years ago.³³⁶

6.5 The committee heard that a large percentage of funding for student support programs come from compulsory student services and amenities fees.³³⁷ When questioned about the impact of reduced government funding per student, Dr Cahill stated that he was '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'.³³⁸

6.6 The detrimental impact that the COVID-19 pandemic has had on university campus life and revenues cannot be understated, but universities are taking measures to adapt to their new circumstances, both environmental and financial. For example, the committee understands that at the University of Wollongong revenue from on-campus activities have decreased by more than \$10 million and the university has waived the Student Services and Amenities fee.³³⁹ This loss of revenue is an indicator of the reduced economic, social and professional activity occurring on NSW campuses.

6.7 Many of the submissions made to the inquiry emphasised how important campus life was to the overall experience of university study. The Isolated Children's Parents' Association of New South Wales (ICPA-NSW) noted that university life may be the first time that young adults have been away from their family home. For students from remote or rural areas, campuses offer a wealth of opportunities including social and sporting activities and cultural immersion.³⁴⁰

6.8 Submissions from community groups and individual authors often commented on the importance of adequate financial support, through federal welfare support programs like Youth Allowance or AusStudy, so that students can focus on their studies and broader university experience, while maintaining an adequate standard of living:

³³⁵ Evidence, Dr Damien Cahill, Assistant Secretary New South Wales, National Tertiary Education Union, 7 September 2020, p 23.

³³⁶ Evidence, Ms Shelley Odewahn, President of the Higher Education Representative Council, Community and Public Sector Union, 7 September 2020, pp 23-24

³³⁷ Evidence, Ms Odewahn, 7 September 2020, p 24.

³³⁸ Evidence, Dr Cahill, 7 September 2020, p 24.

³³⁹ Answers to questions on notice, University of Wollongong, p 6.

³⁴⁰ Submission 25, Isolated Children's Parents' Association of New South Wales (ICPA-NSW), p 5.

- Ms Jane Scott submitted that '[s]tudents need sufficient support via youth allowance to enable them to study without worrying about how to pay the rent and can focus on excelling in their studies'.³⁴¹
- Ms Astrid O'Neill and another individual submission author stated that it is necessary to provide '[s]upport for students to be able to learn including raising youth allowance and restoring funding to improve teaching and learning conditions'.³⁴²
- Another individual submission author told the committee that 'I can not [sic] afford to live on Austudy. The pay for it is just an insult. No one can live off that. How do you expect a young person to LEARN in class when they have to work full time just to keep up with bills while studying. [sic] It is impossible'.³⁴³

6.9 Ms Miranda Korzy detailed anecdotal reports about the negative impacts of financial pressures and loss of student unions on student engagement on campus:

Students these days - particularly those who cannot live at home because of the distance to campus - have enormous financial pressures on them due to the high cost of rent and other living expenses as well as ongoing concerns about repaying university fees. As a result, going to university for many amounts to hurrying between classes and part-time work. I hear from my children and many of my friends that these days, campus life is very limited because so few students have time to be involved.

However, these experiences – in politics, drama, debating, sport etc – can help lay the basis for future careers and often help students make friends on campus. Without these friendships, university can be a very lonely place, contributing to poor mental health for some students. Campus life is further diminished at universities like Macquarie, where the Student Union was dissolved in 2007 and student organisations were taken over by the university. Local students tell me that as a result the university has fewer clubs on campus and setting up a club can be problematic.³⁴⁴

Student housing in NSW universities

Legal and regulatory protections for students in shared accommodation

6.10 The inquiry received substantial evidence from Associate Professor Laurie Berg and Associate Professor Bassina Farbenblum on regulatory failures in relation to student housing which particularly affects the wellbeing of many international students in NSW. The committee was told that these regulatory issues are within the NSW Government's jurisdiction.³⁴⁵ Although the evidence focused on the negative impact of the current regulatory environment on international students, the implications of the research and recommendations could reach beyond this cohort of tenants to all NSW residents in shared or insecure accommodation.

³⁴¹ Submission 7, Ms Jane Scott, p 1.

³⁴² Submission 18, Ms Astrid O'Neill, p 1; Submission 19, Name suppressed, p 1.

³⁴³ Submission 10, Name suppressed, p 1.

³⁴⁴ Submission 24, Ms Miranda Korzy, pp 6-7.

³⁴⁵ Submission 32, Associate Professor Bassina Farbenblum and Associate Professor Laurie Berg, pp 1-2.

- 6.11** In their submission to the inquiry, Associate Professors Berg and Farbenblum made three broad recommendations to:
- extend statutory rights and protections to those in shared accommodation, particularly sub-tenants, by amending to the *Residential Tenancies Act 2010* and the Residential Tenancies Regulation 2010
 - reform the NSW Civil and Administrative Tribunal (NCAT) to make it more accessible through online lodgement and telephone/online hearings, and
 - allow students to more easily reclaim their tenancy bonds.³⁴⁶
- 6.12** The submission also proposed a number of specific reforms to improve transparency, regulatory protections and accessibility of complaint mechanisms and legal remedies through NSW government bodies:
- NSW Fair Trading should take enforcement action under the *Residential Tenancies Act 2010* when landlords and/or agents do not provide a bond receipt or lodge a bond.
 - All bond payments must be made online, with sanctions against landlords and/or agents for noncompliance.
 - Consolidation of existing legislation to comprehensively address the main types of housing arrangements and simplify the legislative regime, including the *Residential Tenancies Act 2010*, the *Boarding Houses Act 2012* and common law protection. The consolidated legislation should provide the highest standard of protection currently available and address existing gaps, including legislative application to any circumstance where an individual grants another a right, for value, to occupy premises for use as a residence. This would extend current legislative protections to subtenants, boarders, lodgers and those residing in residential colleges.
 - Amendment of sections 84 and 85 of the *Residential Tenancies Act 2010* to reduce unfair evictions by removing the ‘no grounds’ termination of a tenancy agreement.
 - NCAT should substantively consider the visa status of international students in case management to ensure matters are heard and/or resolved before a student leaves Australia. Urgent applications should not be required to be filed in person.
 - NCAT should allow online lodgement of disputes and conduct hearings via teleconference/online platforms to allow students to apply outside of Australia. Greater flexibility in participation and scheduling would also allow more students to access NCAT.
 - Increased funding for duty services in the NCAT Tenancy Division to provide access to legal representation, and ensure a duty solicitor is on staff at NCAT.
 - Grant NCAT expanded powers to recommend that NSW Fair Trading conduct an investigation where NCAT has found pervasive issues with specific landlords.³⁴⁷

³⁴⁶ Submission 32, Associate Professor Bassina Farbenblum and Associate Professor Laurie Berg, pp 3-4.

³⁴⁷ Submission 32, Associate Professor Bassina Farbenblum and Associate Professor Laurie Berg, pp 3-4.

- 6.13** In her subsequent evidence to the committee, Associate Professor Berg highlighted as a particular gap the requirement for sub-tenants to have a written tenancy agreement in order to fall within the remit of the *Residential Tenancies Act 2010*, which then provides access to NSW Fair Trading and NCAT oversight. She stated:

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.³⁴⁸

- 6.14** In response to this gap, Associate Professor Berg advocated in her submission extension of the *Residential Tenancies Act 2010* 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. This legislative change would enable those subtenants to access the NCAT procedures.³⁴⁹ Associate Professors Berg and Farbenblum also submitted that the 'revised provision should establish that if a named tenant under a residential tenancy agreement grants to a person for value a right of occupation of the premises, the subtenant has all the rights of a tenant as determined by section 13 of the RTA'.³⁵⁰ They also advocated that the amendments to section 10 of the Act should stipulate that an agreement between the named tenant and the subtenant may be express, implied, oral or written.³⁵¹

- 6.15** In her subsequent evidence to the committee, Associate Professor Berg reiterated that:

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 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...

... 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.³⁵²

- 6.16** The joint submission further argued that the proposed reforms would 'provide rights and remedies to the most vulnerable tenants in the marginal rental sector, including international students in share houses'.³⁵³ Responding to a question about the general public benefit of these recommendations, Associate Professor Berg stated:

³⁴⁸ Evidence, Associate Professor Laurie Berg, Faculty of Law, University of Technology Sydney, 8 September 2020, p 2.

³⁴⁹ Evidence, Associate Professor Berg, 8 September 2020, p 3.

³⁵⁰ Submission 32, Associate Professor Bassina Farbenblum and Associate Professor Laurie Berg, p 3.

³⁵¹ Submission 32, Associate Professor Bassina Farbenblum and Associate Professor Laurie Berg, p 3.

³⁵² Evidence, Associate Professor Berg, 8 September 2020, p 4.

³⁵³ Submission 32, Associate Professor Bassina Farbenblum and Associate Professor Laurie Berg, p 3.

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.³⁵⁴

The exploitation of international students in the NSW housing market

6.17 Research and surveys conducted by Associate Professor Berg and Associate Professor Farbenblum indicate that international students experience disadvantage and mistreatment in many different areas of the housing experience. Their submission indicated that they had found 'a range of exploitation and other problems frequently experienced by international students', such as:

- Deceptive practices including where accommodation was paid for but:
 - was different to what was described
 - did not exist
 - extra people were moved in without the student's consent
 - the student was told that the accommodation was not ready and had to pay extra to stay elsewhere
 - the landlord failed to provide their contact details.
- Financial and other exploitative practices including incidents where the landlord required significant upfront payment, failure to return some or all of the student's bond, sudden rent increases during the rental period, and unfair eviction.
- Poor living conditions such as accommodation that was unsafe or not fit to live in, overcrowded or in a state of disrepair.³⁵⁵

6.18 In her evidence to the committee, Associate Professor Berg elaborated on this December 2019 research report:

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 scams 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

³⁵⁴ Evidence, Associate Professor Berg, 8 September 2020, p 3.

³⁵⁵ Submission 32, Associate Professor Bassina Farbenblum and Associate Professor Laurie Berg, p 2.

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.³⁵⁶

- 6.19** Aspects of the evidence and recommendations made in the evidence and submission of Associate Professor Berg is derived from the UNSW Human Rights Clinic report, 'No Place Like Home: Addressing exploitation of international students in Sydney's Housing Market', published in July 2019. Associate Professor Berg confirmed that she and her co-authors had 'not yet received a strong response from the Government to that report'.³⁵⁷

The *Boarding Houses Act 2012* – Statutory Review and the NSW Government response

- 6.20** The NSW Fair Trading submission to the inquiry responded to the evidence from Associate Professor Berg and Associate Professor Farbenblum and outlined some recent government reviews and reforms that address some of their concerns. The submission also attached the August 2020 report of the statutory review of the *Boarding Houses Act 2012*, conducted by the Department of Customer Service and Department of Communities and Justice.

- 6.21** The NSW Fair Trading Commissioner, Ms Rose Webb, informed the committee that 'reports referenced by Associate Professors Farbenblum and Berg, alongside feedback from the broader housing sector, have informed the recommendations of the statutory review of the *Boarding Houses Act 2012*'.³⁵⁸ She summarised key recommendations of the review as follows:

- rewriting the *Boarding Houses Act 2012* as the 'Shared Accommodation Act', with an expanded scope to capture a wider range of shared accommodation arrangements
- strengthening key occupation rights and responsibilities, such as prescribing standard form agreements and minimum notice periods, requiring a property to be 'fit for habitation', and requiring lodgement of security deposits with the Rental Bond Board
- introducing a new dispute resolution and enforcement role for NSW Fair Trading in relation to certain occupancy rights and responsibilities
- providing additional jurisdiction to the NCAT to consider termination disputes and disputes over occupancy fees
- replacing the existing boarding houses register with regularly published reports on shared accommodation developed from a direct feed of ePlanning data
- establishing a joint State and local government regulatory committee for shared accommodation.³⁵⁹

³⁵⁶ Evidence, Associate Professor Berg, 8 September 2020, p 2.

³⁵⁷ Evidence, Associate Professor Berg, 8 September 2020, p 6.

³⁵⁸ Submission 42, NSW Fair Trading, p 1.

³⁵⁹ Submission 42, NSW Fair Trading, p 1.

- 6.22** On 12 August 2020, the NSW Government announced that it would implement the recommendations of the review.³⁶⁰ Drafting of the new Act has begun, and consultation is planned for late 2020 and early 2021.³⁶¹ In its submission, NSW Fair Trading confirmed that the:
- new legislation will cover all shared arrangements where someone rents a space as their principal place of residence and shares a kitchen, bathroom or bedroom with others. This is likely to include arrangements where people live in boarding houses as well as some co-living premises, student accommodation and private lodging arrangements.³⁶²
- 6.23** In her responses to questions on notice, Associate Professor Berg advised the committee that the introduction of a new *Shared Accommodation Act* would make NSW's regulatory framework as good as, and perhaps better than, other jurisdictions.³⁶³
- 6.24** However, Commissioner Webb advised that the 'no grounds' evictions provisions under the *Residential Tenancies Act 2010* would not be changed and that this was in 'accordance with recommendation 17 of the statutory review of the RT Act'.³⁶⁴ The Commissioner noted that the *Residential Tenancies Act 2010* gave tenants the option of applying to NCAT for termination notices that they consider to be invalid or retaliatory, or if they are subject to retaliatory rent increases.³⁶⁵
- 6.25** The submission from NSW Fair Trading also highlighted a number of measures introduced by the NSW Government to reduce rental stress during the COVID-19 pandemic. These included limitations on landlords' ability to evict tenants due to rental arrears related to the pandemic and/or publishing the details of tenants in arrears, extended notice periods, and providing tenants with the option of terminating their agreement to avoid financial hardship.³⁶⁶ First introduced in early 2020, the measures have been extended until 26 March 2021.³⁶⁷
- 6.26** The agency indicated that the evidence received by this inquiry about reforms to NCAT are a matter for the Department of Communities and Justice.³⁶⁸

Affordable housing for students from lower socio-economic backgrounds

- 6.27** The inquiry received several submissions that highlighted the importance of student housing to the overall student experience, particularly the availability of secure and affordable housing for students from low-income backgrounds.

³⁶⁰ Submission 42, NSW Fair Trading, p 1.

³⁶¹ Submission 42, NSW Fair Trading, p 2.

³⁶² Submission 42, NSW Fair Trading, p 1.

³⁶³ Answers to questions on notice, Associate Professor Laurie Berg, p 2.

³⁶⁴ Submission 42, NSW Fair Trading, p 2.

³⁶⁵ Submission 42, NSW Fair Trading, p 2.

³⁶⁶ Submission 42, NSW Fair Trading, p 2.

³⁶⁷ Submission 42, NSW Fair Trading, p 2.

³⁶⁸ Submission 42, NSW Fair Trading, p 2.

- 6.28** The submission from Western Sydney University commented that government levies on university-funded accommodation were compromising the affordability of student housing, which the university regards as 'vitally important'.³⁶⁹
- 6.29** In its submission, the CPSU informed the inquiry that state governments have previously helped establish university campus infrastructure. The submission observed that there was an opportunity for the NSW Government to support infrastructure development such as university housing that supports students from lower socio economic backgrounds.³⁷⁰ The submission also recommended that the Regional Growth Fund be extended to include provisions for universities to assist students from low socio-economic backgrounds by providing university accommodation options, including public housing supply.³⁷¹
- 6.30** On the broader issue of housing supply, Associate Professor Berg expressed the view that:
- 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, 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.³⁷²
- 6.31** Closely related to the evidence about the impacts of high cost of living on tertiary students, Ms Anne Schaeffer noted that the cost of student accommodation was particularly prohibitive:
- In today's universities, most students appear to be hard-pressed to hold down a job, sometimes full-time, to be able to afford to live, particularly in cities, and still be able to meet their study commitments. There is little or no time to join university organisations or pursue other interest because the cost of accommodation is so high the need to make money can be all-consuming.³⁷³

Freedom of expression on university campuses

- 6.32** Freedom of speech and expression are critical elements of a lively, intellectual discourse on campuses and for creating a supportive environments for staff and students. This section highlights significant cases that were of concern to the committee and outlines evidence provided by the universities of their response to the federal Review of Freedom of Speech in Australian Higher Education and implementation of the voluntary model code.
- 6.33** In July 2020, UNSW published an interview with Elaine Pearson, an adjunct lecturer at UNSW's Faculty of Law and Australia Director of Human Rights Watch, about recent events in

³⁶⁹ Submission 17, Western Sydney University, p 25.

³⁷⁰ Submission 37, Community and Public Sector Union, NSW Branch, p 19.

³⁷¹ Submission 37, Community and Public Sector Union, NSW Branch, p 1.

³⁷² Evidence, Associate Professor Berg, 8 September 2020, p 8.

³⁷³ Submission 3, Ms Anne Schaeffer, p 1.

Hong Kong. The article, entitled 'China needs international pressure to end Hong Kong wrongs' was placed on UNSW's online news page and a tweet was posted on the university's Twitter account, quoting Ms Pearson and linking the article.³⁷⁴ The article and tweet received significant backlash on social media and critics placed pressure on UNSW to remove the article, apologise and, in some cases, to terminate Ms Pearson's employment with the university.³⁷⁵

6.34 In response to this pressure, UNSW removed the article from its website on a couple of occasions, eventually moving the article from the main UNSW news page to the subsidiary UNSW Law page. UNSW also deleted the tweet. The incident caused concern about the protection of academic freedoms and freedom of speech on university campuses in Australia, particularly in relation to matters critical of the Chinese government or the Chinese Communist Party.³⁷⁶

6.35 In his evidence to this inquiry, Professor Ian Jacobs, Vice Chancellor and Principal of UNSW, commented that:

On the freedom of speech issue, I do think that is a really important issue, we are proud at UNSW that we are a bastion of freedom of speech. Our freedom of speech policy, which I have restated many times in recent years, is that freedom of speech in our university is precious. It is the same as freedom of speech outside our university. When you step from Anzac Parade into our university, nothing changes. We are not absolutely perfect and Mr Latham pointed out a particular situation [the incident involving Ms Pearson's interview] in which we failed. We acknowledge that, we have learned lessons from that and we move on. But we will protect freedom of speech and academic freedom absolutely in our university and on our campus. It is precious to our university and it is precious to our nation.³⁷⁷

6.36 A number of other submissions also raised concerns about other incidents on university campuses that may suggest that freedom of speech protections are faltering. The submission of FamilyVoice Australia (NSW) expressed significant concern that 'freedom of expression is in peril at University campuses', and detailed the examples of Mr Drew Pavlou at the University of Queensland, Dr Peter Ridd at James Cook University and Ms Bettina Arndt AM at the University of Sydney.³⁷⁸ The inquiry also received a submission from Mark Tarrant Lawyers, which advised Mr Pavlou, and argued that increased vigilance and legislative protections were needed to maintain adequate freedom of speech at universities, particularly related to pro-democracy activism.³⁷⁹

³⁷⁴ Rachel Gray, 'China needs international pressure to end Hong Kong wrongs', UNSW Law website, 31 July 2020, <https://www.law.unsw.edu.au/news/china-needs-international-pressure-to-end-hong-kong-wrongs>.

³⁷⁵ Elaine Pearson, 'Critical test of academic freedom for Australian universities', Sydney Morning Herald, 4 August 2020, <https://www.smh.com.au/national/critical-test-of-academic-freedom-for-australian-universities-20200804-p55iec.html>.

³⁷⁶ Elaine Pearson, 'Critical test of academic freedom for Australian universities', Sydney Morning Herald, 4 August 2020, <https://www.smh.com.au/national/critical-test-of-academic-freedom-for-australian-universities-20200804-p55iec.html>.

³⁷⁷ Evidence, Professor Ian Jacobs, President and Vice-Chancellor, University of New South Wales, 7 September 2020, p 17.

³⁷⁸ Submission 1, FamilyVoice Australia (NSW), pp 1-3.

³⁷⁹ Submission 38, Mark Tarrant Lawyers.

The Review of Freedom of Speech in Australian Higher Education and model code

- 6.37** During 2018-19, the Hon Mr Robert French AC, former Chief Justice of the High Court of Australia, conducted an independent review of the state of freedom of speech within Australia's higher education sector. The *Report of the Independent Review of Freedom of Speech in Australian Higher Education Providers* was released in March 2019, and included a recommendation for a model code to be considered for voluntary adoption by the universities.³⁸⁰
- 6.38** The proposal for a model code has been adopted with the development of 'A Model Code for the Protection of Freedom of Speech and Academic Freedom in Australian Higher Education Providers'. It is intended to ensure a culture of free speech and academic freedom is strongly embedded in institutions across the Australian higher education sector.³⁸¹ While all Australian universities agreed to implement the Code by the end of 2020, the federal government has also initiated an Independent Review of Adoption of the Model Code on Freedom of Speech and Academic Freedom.³⁸² Professor Sally Walker AM is undertaking the review to offer institutions advice and suggestions on options to address any evident gaps in policies and to provide the minister with advice on the overall alignment of relevant policies across the university sector with the principles of the Model Code. The Australian Government released Professor Walker's Review on 9 December 2020.³⁸³
- 6.39** Many of the universities involved in this inquiry confirmed their commitment to fostering and protecting freedom of speech and expression, including academic freedoms. The evidence before this inquiry suggests that NSW universities have been implementing policies and mechanisms to bolster the protection of free speech on campuses and in their online domains, which they suggest will bring their institutions in line with the findings and recommendations of the French Review:
- The University of Sydney adopted a new Charter of Freedom of Speech and Academic Freedom on 1 January 2020.³⁸⁴
 - The Australian Catholic University adopted a dedicated statute on freedom of speech and intellectual freedom in April 2020.³⁸⁵

³⁸⁰ The Hon Robert French AC, *Report of the Independent Review of Freedom of Speech in Australian Higher Education Providers* (Final Report, March 2019), pp 229-36.

³⁸¹ Australian Government Department of Education, Skills and Employment, *Independent Review of Adoption of the Model Code on Freedom of Speech and Academic Freedom*, Australian Government Department of Education, Skills and Employment, <https://www.education.gov.au/independent-review-freedom-speech-australian-higher-education-providers>.

³⁸² Australian Government Department of Education, Skills and Employment, *Independent Review of Adoption of the Model Code on Freedom of Speech and Academic Freedom*, Australian Government Department of Education, Skills and Employment, <https://www.education.gov.au/independent-review-freedom-speech-australian-higher-education-providers>.

³⁸³ Australian Government Department of Education, Skills and Employment, *Independent Review of Adoption of the Model Code on Freedom of Speech and Academic Freedom*, Australian Government Department of Education, Skills and Employment, <https://www.education.gov.au/independent-review-freedom-speech-australian-higher-education-providers>; The Hon Dan Tehan MP – Minister for Education, *Adoption of French Model Code mixed* (9 December 2020), <https://ministers.dese.gov.au/tehan/adoption-french-model-code-mixed>.

³⁸⁴ Submission 15, University of Sydney, p 6.

³⁸⁵ Submission 9, Australian Catholic University, p 7.

- Western Sydney University adopted an Ethical Framework, to guide decision making of the Board of Trustees, on 10 April 2020. Western Sydney University has also introduced a new Freedom of Speech Policy.³⁸⁶
- UTS has a statement outlining its Principles of Academic Freedom and Freedom of Speech. The University of Technology Sydney's policies were strengthened through alignment with the *Model Code*. UTS undertook reviews of academic freedom and freedom of expression in both 2012 and 2019.³⁸⁷
- UNSW indicated that it ensures that its policies on academic and intellectual freedom are 'appropriate and fit for purpose'.³⁸⁸
- Charles Sturt University's Code of Conduct and other policies 'uphold a general right to freedom of inquiry and expression', and were also strengthened through alignment with the *Model Code*.³⁸⁹

6.40 In its submission, UNSW noted that Mr French found 'no evidence... of a "free speech crisis" on campus'.³⁹⁰ The submission further noted that:

... 'Freedom of Speech' on university campuses should be treated no differently to anywhere else in Australia. We do not believe that there are any particular aspects of university life which would justify altering protections or constraints on freedom of expression when, for example, an individual walks from Kensington High Street onto our campus. Accordingly, any attempt to guarantee or regulate 'freedom of speech' at Australian universities should be dealt with broadly across society, rather than by piecemeal attempts made through regulation and aimed at specific sectors.³⁹¹

6.41 The committee also notes that on 28 October 2020, the Federal Minister for Education, the Hon Dan Tehan MP, introduced the Higher Education Support Amendment (Freedom of Speech) Bill 2020 into the Federal Parliament. The purpose of the Bill is to strengthen protections for academic freedom and freedom of speech and enact the recommendations of the Review.³⁹²

6.42 The specific issue about the protection of academic freedoms on the overseas campuses of NSW universities is addressed in Chapter 7 on foreign interference.

³⁸⁶ Submission 17, Western Sydney University, p 19.

³⁸⁷ Submission 30, University of Technology Sydney, p 6.

³⁸⁸ Submission 14, University of New South Wales, p 6.

³⁸⁹ Submission 34, Charles Sturt University, p 6.

³⁹⁰ Submission 14, University of New South Wales, p 6, citing The Hon Robert French AC, *Report of the Independent Review of Freedom of Speech in Australian Higher Education Providers* (Final Report, March 2019) p 224.

³⁹¹ Submission 14, University of New South Wales, p 6.

³⁹² The Hon Dan Tehan, Second reading speech: Higher Education Support Amendment (Freedom of Speech) Bill 2020, 28 October 2020.

The application of whistle-blower protections to universities

6.43 During the inquiry, the committee took evidence from representatives of both Western Sydney University and Charles Sturt University in relation to the scope of the application of whistle-blower protections to NSW universities.

6.44 The written submission from Western Sydney University indicated that the university has sought to expand the protections offered under state legislation to its students through a university-specific policy. The submission summarised the imperative for its new initiative in the following terms:

...the NSW *Public Interest Disclosures Act* only provides protection for whistleblowers who are University officers or employees. In a university context, this is unsatisfactory because it does not afford protection to whistleblowers who happen to be students. In recognition of this, the University has recently implemented a new *Whistleblowing Policy* that aims to afford to students, to the extent that it can do so, the same level of protection from reprisals that are afforded to staff whistleblowers. As far as we are aware, Western Sydney University is the only university to have introduced such a policy.³⁹³

6.45 During his appearance before the committee, Professor Glover further explained that at Western Sydney University '[s]taff and students can feel confident that, if a situation arises where they wish to bring to the attention of the university or an external agency a matter that would be a public interest disclosure [PID], they have all the support and assistance required under the Act, and university procedures reflect that'.³⁹⁴ This Whistleblowing Policy seems to be unique in its broader scope and Professor Glover suggested that other NSW universities could consider the initiative:

The point we would make is we are not aware of it being in this format elsewhere. It may be something that other universities, by virtue of drawing it to their attention, should take account of. I cannot recall a particular PID from our students... but I know that we have had public interest disclosures, as all universities would have. We make sure that they are referred to the appropriate agencies and investigated appropriately.³⁹⁵

6.46 The submission from Charles Sturt University advocated greater clarity on 'whether certain laws or requirements apply to the University, as a statutory corporation, due to ambiguities in State and Commonwealth statutes, regulations and guidelines'.³⁹⁶ In particular, the submission drew the committee's attention to the whistle-blower provisions of the *Corporations Act 2001* (Cth) and sought the NSW Government's assistance to provide broader legislative clarity:

The University's practice in these cases has been to assume that the laws or requirements do apply, and this may be imposing an unnecessary legal and financial burden on the University. For example, it is unclear whether new Commonwealth whistleblowing laws under Part 9.4AAA of the *Corporations Act* – which apply to section 51(xx) trading corporations – were intended to capture NSW government entities that may be trading

³⁹³ Submission 17, Western Sydney University, p 21.

³⁹⁴ Evidence, Professor Barney Glover, Vice-Chancellor and President, Western Sydney University, 7 September 2020, p 35.

³⁹⁵ Evidence, Professor Glover, 7 September 2020, p 35.

³⁹⁶ Submission 34, Charles Sturt University, p 7.

corporations, including universities like Charles Sturt. The position regarding 'trading corporations' remains largely unsettled. The NSW Government could assist with this issue by amending the relevant State Acts and by consultation with the Commonwealth.³⁹⁷

The investigation and adjudication of sexual assault on campuses

6.47 In its submission to the inquiry, Campus Justice, a group of lawyers and university alumni, took issue with the policies and procedures that some universities use to respond to allegations of sexual assault.³⁹⁸ The submission accused certain universities of establishing 'kangaroo courts', which Campus Justice argued are 'not only unfair but... are arguably unlawful according to a recent Queensland Supreme Court decision'.³⁹⁹ The submission claimed that:

universities, including most NSW tertiary institutions, have established disciplinary codes to investigate and adjudicate the crime of sexual assault, using procedures which lack many of the safeguards that ensure fairness in the criminal justice system.⁴⁰⁰

6.48 Campus Justice argued that this type of processes for investigating and adjudicating allegations of sexual assault:

- Denies students their basic legal and human rights by adopting a process for considering allegations of sexual assault without the usual procedural safeguards. Procedures typically adopted by universities limit the access students have to the evidence against them, make no effort to ensure the reliability of that evidence, deny a right to legal representation, provide no presumption of innocence and provide no right of appeal.
- Makes findings about a serious criminal offence using the lowest possible (civil) standard, the 'balance of probabilities' rather than the appropriate criminal standard which is 'beyond reasonable doubt'.
- Is determined by committees comprised of persons who are not qualified in law or fact findings, and whose decisions are not transparent, made public, nor subject to proper scrutiny.
- Can result in adverse findings which lead to penalties including suspension or expulsion from the university. This forfeiture of the time and money invested in study falls outside prescribed penalties for sexual assault.
- Subjects accused students to a highly politicised process developed and driven by those with their own agenda that is typically out of step with community views.
- Usurps the well-established role of the courts as the institutions which society and the Constitution has entrusted to adjudicate alleged criminal conduct, including allegations of sexual assault.
- Is a costly exercise that involves establishing a separate and unnecessary administrative process.

³⁹⁷ Submission 34, Charles Sturt University, p 7.

³⁹⁸ Submission 28, Campus Justice; Submission 28a, Campus Justice.

³⁹⁹ Submission 28, Campus Justice, p 1.

⁴⁰⁰ Submission 28, Campus Justice, p 1.

- Exposes the universities to additional financial risk by way of exposure to potential lawsuits seeking economic damages and orders restoring loss of reputation as a result of the failure to protect fundamental legal rights of the accused.⁴⁰¹

6.49 The supplementary submission from Campus Justice took particular issue with the 'Good Practice Note: Preventing and responding to sexual assault and sexual harassment in the Australian higher education sector' issued by the Tertiary Education Quality and Standards Agency (TEQSA) in July 2020.⁴⁰² Campus Justice asked the committee to recommend that 'TEQSA should not seek to have NSW universities take action over sexual assault without TEQSA also directing those universities that they must not usurp the role of the courts'.⁴⁰³ The submission also sought the committee's support in making various other recommendations that would put in place structures so that universities do not act on issues best left to the criminal justice system.⁴⁰⁴

6.50 The only other evidence the committee received about handling allegations of sexual assault was in the submission from Western Sydney University. The submission provided brief information about the University's participation in the Universities Australia 'Respect. Now. Always.' Campaign, which is a sector-wide sexual violence prevent program that began in 2016:⁴⁰⁵

As part of its response to the *Respect. Now. Always* campaign, the University has implemented a number of initiatives that, among other things, work to raise awareness of support and reporting options for sexual offences and to promote respectful relationships throughout the University community. The University has also established a network of volunteers trained to support victims of sexual harassment and sexual assault as part of a "First Responder" initiative. Western Sydney University's campaign is coordinated through the Respectful Relations Task Force chaired by the Vice-Chancellor and President. It collaborates with student stakeholder groups to ensure that the recommendations of Universities Australia in relation to sexual harassment and sexual assault are implemented.⁴⁰⁶

Committee comment

- 6.51** Students deserve safe and reliable access to accommodation, as well as the means to access remedies for any breaches of their rights. The committee welcomes the initiatives of the NSW Government to address significant concerns about the shared-housing market and encourages further reform to make NCAT more accessible both to students and the broader public.
- 6.52** In the face of public criticism and concern, universities need to maintain the highest standards of free speech, academic freedom/independence and respect for the NSW criminal justice

⁴⁰¹ Submission 28, Campus Justice, p 1-2

⁴⁰² Australian Government Tertiary Education Quality and Standards Agency, *Good Practice Note – Preventing and responding to sexual assault and sexual harassment in the Australian higher education sector* (Final Report, 9 July 2020).

⁴⁰³ Submission 28, Campus Justice, p 5.

⁴⁰⁴ Submission 28, Campus Justice, p 5.

⁴⁰⁵ Universities Australia, *Respect. Now. Always.*, <https://www.universitiesaustralia.edu.au/project/respect-now-always/>.

⁴⁰⁶ Submission 17, Western Sydney University, p 20.

system. Mr Robert French's free speech code should be included in the NSW statutes covering universities. These issues should be included in the NSW legislative review.

- 6.53** The failure to provide fair treatment of accused students breaches Tertiary Education standards requiring equitable treatment of all students. The principal of natural justice must prevail, along with the tenets of procedural fairness and the opportunity to be heard by anyone accused of a crime. It is important to note that universities are not authorised by any NSW State law to conduct criminal-type investigations into any allegations. Any attempts to privately and without legal authority investigate an alleged crime runs the risk of sully subsequent investigations by the police and could mitigate any punishments otherwise seen as fit and proper based on a finding that the crime had been committed. In other words, judges have been known to refrain from imposing a penalty based on the fact that police or other persons have carried out extra-judicial punishments.

Recommendation 28

That the NSW Government expand the remit of NSW Fair Trading to cover share houses and informal tenancy agreements.

Recommendation 29

That the NSW Government initiate reforms to make NCAT more accessible via teleconferencing/videoconferencing.

Recommendation 30

That the NSW Government codify the Robert French free speech recommendations in NSW statutes covering universities.

Recommendation 31

That the NSW Government consider complementary legislation to provide uniform protections provided in the Higher Education Support Amendment (Freedom of Speech) Bill 2020, if passed.

Recommendation 32

That the NSW Government outlaw non-platforming of academics, staff and guest speakers at universities.

Recommendation 33

That the NSW Government broaden the coverage of the New South Wales *Public Interest Disclosures Act 1994* to provide these protections for students as well as university officers or employees.

Recommendation 34

That the NSW Government clarify whether certain laws or requirements apply to universities, as statutory corporations.

Recommendation 35

That the NSW Government advocate to the Australian Government to clarify the application of federal legislation to universities.

Recommendation 36

That the NSW Government ensure the rule of law and the processes of the NSW criminal justice system are respected by universities in dealing with alleged sexual offences. Universities must use the NSW Police as their first and most important point of reference in dealing with any allegation of the law being broken, in all instances, for all allegations. In particular, NSW universities must respect the presumption of innocence and not create their own 'Kangaroo Court' and tribunal processes that circumvent the rules and standards of natural justice established at law by the NSW Parliament. The NSW Government should establish a legal protocol for universities to follow in this regard and, if universities chose to ignore or breach it, the protocol should be legislated as mandatory for NSW universities.

Recommendation 37

That the NSW Government, as part of the broader legislative review of universities recommended by this committee, consider the current processes and policies in place at universities for the investigation of sexual offences.

Chapter 7 Foreign interference in NSW universities

There has been increasing concern about foreign political interference in Australia, particularly on university campuses and the risk posed to the country's democratic freedoms. High-profile incidents of tensions between Australian university associates and foreign interests, particularly in relation to the Chinese Government and Hong Kong's pro-democracy movement, have heightened these concerns. These incidents include the activism and legal battles of University of Queensland student, Mr Drew Pavlou, and UNSW's removal of a tweet that indicated support for the rights of anti-government protestors in Hong Kong.

The federal government has provided national policy and risk management guidance to the university sector regarding foreign interference. The Australian Parliament is also undertaking two related inquiries into foreign interference in universities and on social media. More detail is provided in Chapter 1.

This chapter summarises the evidence received during this inquiry about the risk of foreign interference in NSW universities, the steps being taken to mitigate the risk, and how the NSW Government could better support the university sector in managing foreign interference. Chapter 4 addresses the scale of international education in NSW universities, and details the evidence of the significant financial contributions made by Chinese students. Such strong financial ties to a foreign country creates a significant risk for undue influence to be exercised over the administration of universities. If not properly managed these risks may lead to a lack of enforcement of academic freedoms or poor monitoring and reporting of foreign interference risks for fear of losing revenue.

The risk of foreign interference in NSW universities

- 7.1** During the inquiry, the committee received evidence that foreign political interference and undue influence posed a risk to the independence and integrity of NSW universities. Whilst the representatives of the NSW universities who gave evidence to the inquiry indicated that they had not experienced significant incidents of foreign political interference to date, they provided insights into the competing factors that they balance in mitigating the risks and responding to any such interference.

Is there foreign political interference in NSW universities?

- 7.2** University representatives who gave evidence to the inquiry indicated that they were managing the possibility of foreign interference but that they had not experienced or been made aware of significant incidents of foreign interference on their campuses or digital platforms. For example:
- Dr Michael Spence, Vice-Chancellor and Principal of the University of Sydney, gave evidence that he was not aware of 'any single instance, or there is no single instance that has been brought to our attention by the intelligence services, of there being a problem with the university's engagement with China. If there was, then of course the university would deal with it, and it would deal with it as an Australian institution with the interests of our own country first—as anybody, the Chinese included, I am sure would expect of us'.⁴⁰⁷

⁴⁰⁷ Evidence, Dr Michael Spence, Vice-Chancellor and Principal of University of Sydney, 7 September 2020, p 17.

- The submission from the University of New South Wales (UNSW) stated that 'UNSW is conscious of ensuring our global activities align with Australia's national interests. Accordingly, we have proactively worked closely with the Commonwealth Government on a range of measures to ensure that we demonstrate best practice ... we continue to liaise closely with the national security agencies of government to ensure that our activities properly manage any foreign interference threats'.⁴⁰⁸
- Professor Zlatko Skrbis, Acting Provost of the Australian Catholic University (ACU), advised that the ACU has been 'subject to one phishing attack that had a fairly limited negative impact on our systems. But I think it is important to acknowledge that we need to be alert but not alarmed in this'.⁴⁰⁹
- Professor Barney Glover, Vice-Chancellor of Western Sydney University (WSU), told the inquiry that he had 'not been made aware [of any specific examples] by the security agencies... [F]rom time to time we do get briefings from representatives of ASIO in relation to matters of national security. They tend to be very broad briefings about the potential threats from foreign interference and foreign influence over the Australian universities'.⁴¹⁰

7.3 The inquiry also received a submission from Mark Tarrant Lawyers, which provided *pro bono* legal assistance to Mr Drew Pavlou, the University of Queensland student and former university senator. Mr Pavlou received significant media attention for his controversial student activism in relation to the 2019 Hong Kong protests and his allegation that assaults against him involved Chinese political interference. Mr Pavlou's legal case against Chinese officials was dismissed by the Brisbane Magistrates Court on the basis of international diplomatic immunity.⁴¹¹

7.4 In contrast to the evidence received from university representatives, the submission from Mark Tarrant Lawyers alleged that there have been 'attempts by the Chinese Communist Party of the People's Republic of China to excise the rule of law from Australian university campuses'.⁴¹² The submission contended that 'wherever there are large numbers of international students from Mainland China there will be attempts... to aggressively and at times violently prevent any criticism of the CCP's authoritarian rule over China, Xinjiang [East Turkistan], Tibet and Hong Kong'.⁴¹³

Factors to consider when mitigating the risk of foreign political interference

7.5 The evidence from university representatives also noted the unique context of the foreign interference threat and the need for universities to be as open and collaborative as possible,

⁴⁰⁸ Submission 14, University of New South Wales, p 6.

⁴⁰⁹ Evidence, Professor Zlatko Skrbis, Acting Provost of the Australian Catholic University, 7 September 2020, p 29.

⁴¹⁰ Evidence, Professor Barney Glover, Vice-Chancellor of Western Sydney University, 7 September 2020, p 29.

⁴¹¹ George Roberts, 'Queensland court dismisses university student Drew Pavlou's case against Chinese Consul General', ABC News Online, Monday 10 August 2020, <https://www.abc.net.au/news/2020-08-10/drew-pavlou-case-dismissed-against-chinese-consul-general/12540570>.

⁴¹² Submission 38, Mark Tarrant Lawyers, p 1.

⁴¹³ Submission 38, Mark Tarrant Lawyers, p 1.

while maintaining significant global connections and partnerships. Professor Attila Brungs, Vice-Chancellor and President of the University of Technology Sydney (UTS), argued that:

Universities are open places. We publish everything and we give our knowledge away for free. That is how it works. That openness is a core part of how our society's universities actually succeed. We have to have a balance between working to make sure that we protect the right things that need to be protected—and, as the situation changes, working with our security agencies to do that—but also keeping very open institutions, keeping the academic integrity and the academic freedom to do what they wish, because that is a core part of what our institutions are and that is the benefit that we bring to society.⁴¹⁴

7.6 Professor Barney Glover of WSU explained that universities 'need to be vigilant... and that is really the focus although we should not for a moment assume these are not matters of significance to the Commonwealth and more broadly in Australia in the community. We need to do that as universities with very substantial international reach'.⁴¹⁵

7.7 Professor Theo Farrell, Deputy Vice-Chancellor (Education) of the University of Wollongong, told the committee that conflicting objectives needed to be weighed when considering the appropriate response to the risk of foreign interference, particularly:

...getting the correct balance between obviously protecting Australian national security but facilitating the global movement of people and ideas, which is fundamental to university enterprise and brings direct benefits—very large indirect and direct benefits—to the Australian economy and Australian society. So the guidelines were all about getting that balance right, actually ... the view of the sector is that the balance was struck correctly.⁴¹⁶

Managing the risk of foreign interference in NSW universities

7.8 The university representatives who appeared before the inquiry provided evidence on the steps that have been implemented to prevent foreign interference or to reduce the risk of it. Key questions from the committee were whether universities were being sufficiently vigilant, whether improved security measures are necessary to protect the independence and integrity of universities, and how the NSW Government could assist in these efforts.

7.9 In general, representatives from all eight universities that appeared before the inquiry told the committee that they seek to comply with the relevant guidelines, standards, legislation, regulation and other funding requirements.

⁴¹⁴ Evidence, Professor Attila Brungs, Vice-Chancellor and President of University of Technology Sydney, 7 September 2020, p 18.

⁴¹⁵ Evidence, Professor Glover, 7 September 2020, p 29.

⁴¹⁶ Evidence, Professor Theo Farrell, Deputy Vice-Chancellor (Education) of the University of Wollongong, 7 September 2020, p 30.

Implementing the federal guidelines to counter foreign interference in universities

7.10 The Australian Government has supplemented legislative requirements in the *Foreign Influence Transparency Scheme Act 2018* (Cth) by developing 'Guidelines to counter foreign interference in the Australian university sector'. Universities collaborated in the development of these guidelines and have been actively implementing them since they were published in November 2019, as well as working closely with federal government agencies. For example:

- Professor Theo Farrell, the University of Wollongong's Deputy Vice-Chancellor (Education), stated that the guidelines 'provide universities with the mechanisms, processes and so forth to mitigate the risks of foreign interference... It was a true collaboration between the relevant agencies of the Commonwealth and the university sector in producing the guidelines... We simply follow and implement those guidelines very carefully and thereby mitigate those risks.'⁴¹⁷
- Professor Attila Brungs, Vice-Chancellor and President of UTS, said that '... we are working with the Federal Government and the Home Affairs security agencies around the University Foreign Interference Taskforce. We acknowledged the changing dynamics of the geopolitical state and we are also working very closely with the Government to make sure that we have the right systems and processes in place to safeguard the independence and the autonomy of our institutions while not shutting them down'.⁴¹⁸
- Professor Barney Glover, Vice-Chancellor of WSU, highlighted that the guidelines 'were negotiated between the defence security agencies, the Commonwealth and universities, which we are now implementing to ensure that we are—I hope—as effectively as possible managing those matters and in an educative way often for our staff, so our researchers are aware of matters that may constitute matters of concern...'.⁴¹⁹

7.11 The submission from the UTS provided details of the policies, governance and systems that the university has modified to adhere to the guidelines. These include:

- partnering with the Department of Home Affairs and ASIO to develop and deliver training that helps UTS staff identify and respond to foreign interference risks
- identifying and briefing key stakeholders on UTS's legislative obligations
- rolling out awareness training for all staff and arranging for Commonwealth and State agencies to deliver tailored briefing sessions for high-risk areas, commencing with UTS research teams
- developing a process to identify potential at-risk research projects and candidatures
- mapping UTS policies, processes and partnerships to the Guidelines to identify where further improvements could be made.⁴²⁰

⁴¹⁷ Evidence, Professor Farrell, 7 September 2020, pp 29-30.

⁴¹⁸ Evidence, Professor Brungs, 7 September 2020, p 18.

⁴¹⁹ Evidence, Professor Glover, 7 September 2020, p 29.

⁴²⁰ Submission 30, University of Technology Sydney, p 7.

Other protective and risk-mitigation strategies

7.12 During the inquiry, the committee received evidence of a number of other protective and risk-mitigation strategies that the universities have put in place against foreign political interference. The submission of the University of Sydney provided details of its 'overarching strategy and framework overseen and supported by the Office of the Vice-Chancellor', which includes:

1. Development and implementation of a set of clear principles to guide University decision-makers, staff, affiliates and research students when considering engaging in collaborations with foreign entities or individuals.
2. Establishment of a Research Risk Advisory Committee to consider and advise decision-makers on foreign interference and national security concerns arising from research-related activities.
3. Establishment of a Research Risk Operations Group to identify, discuss and review relevant strategic issues and provide advice to the Research Risk Advisory Committee and via its members to Faculties, University Schools and Centres and their research committees.
4. Appointment of a Manager, National Security and Export Controls within the Research Portfolio to implement policy and processes across the University for defence trade controls/prohibited exports and to ensure staff engagement with relevant laws and guidelines.
5. Development and roll-out of face-to-face and online training for staff in high risk disciplines about national security laws and guidelines, relevant university policies, processes and support services.
6. A suite of cybersecurity projects under four streams (phishing, risk, governance and advanced threat protection) which address priority threat scenarios identified through an independent review conducted in 2019.⁴²¹

7.13 The WSU submission provided the inquiry with a comprehensive overview of its threat response, reproduced in Table 5 below.

Table 5 Western Sydney University policies and practices to manage the risk of foreign interference

Potential foreign interference threats	WSU actions and approaches
Cyberspying, cyber intrusions and cyberattack.	<ul style="list-style-type: none"> • Cyber Security Policy • Cyber Security Strategy and Plan 2019-2021 • Digital Information Security Policy • Digital security steering committee • Cyber security training • WSU participates in the 'Cyber security Community of Practice' • A risk based cyber security incident response process has been developed

⁴²¹ Submission 15, University of Sydney, pp 6-7.

Erosion of freedom of speech on university campuses.	<ul style="list-style-type: none"> Freedom of speech policy and Charter of Academic Freedom approved
Intrusion into life on campus for purposes of coercing and 'policing' a student population, particularly with a view to suppress criticism or dissent.	<ul style="list-style-type: none"> Campus Safety and Security Unit Campus safety and security hotline
Undermining of academic freedom and values.	<ul style="list-style-type: none"> Senate's Charter of Academic freedom Code of Conduct Academic freedom is listed as one of WSU's values
Security risks.	<ul style="list-style-type: none"> External Access to University Facilities Procedure Drones Policy Environmental Management Plan
Fraud and corruption risks.	<ul style="list-style-type: none"> Strategic Risk Register Risk Management Policies and guidelines Conflict of Interest policy Compliance Policy Cyber security policy Fraud and Corruption Risk Management Framework
Compromised protection of students, staff, data, systems, and academic and research integrity.	<ul style="list-style-type: none"> Research data management policy Dual Award and Joint Higher Degrees Policy Ethics and Integrity Team Ethics Committees
Threats to potentially sensitive technologies and research, research collaboration, foreign investments, education activities, intellectual property, and university reputation.	<ul style="list-style-type: none"> IP Policy International partnerships for academic cooperation Procurement policy
Donations from overseas partners whose relationships with foreign governments, political parties and related entities and individuals pose a risk.	<ul style="list-style-type: none"> Gift and Benefit Acceptance and Management Policy Gift and Benefit Reporting and Registration Procedure Commercial Activities Guidelines Donations and Fundraising Policy
Demands from partners to change content in subjects driven by a foreign political, religious or social agenda.	<ul style="list-style-type: none"> University Funded External Sponsorship Policy: Outgoing sponsorships [any University funded, either by cash or in-kind, sponsorship of an external organisation to support an event or activity] are activated to build, maintain or enhance the reputation and brand of the University. Clause (9) sets out the external/outgoing sponsorship activities that the University will not support. Foreign Exchange Risk Policy
Efforts to alter or direct the research agenda.	<ul style="list-style-type: none"> Research Code of Practice Due diligence processes to review research contracts
Students and staff "self-censoring" on sensitive geo-political issues.	<ul style="list-style-type: none"> Campus safety and security unit Student Code of Conduct

Source: Submission 17, Western Sydney University, pp 22-23.

- 7.14** The WSU submission suggested that the federal and state governments should consider providing educational resources to the university sector to raise awareness about foreign interference and the mechanisms available to mitigate potential threats. Specifically, the WSU submission argued that the NSW Government has a role to play in working with universities in joint resourcing and development of training resources, securing systems for the protection of data and intellectual property, and developing a security culture to increase the safety and well-being of university students and staff.⁴²²

Foreign funding for institutes and research

- 7.15** During the inquiry, the committee received evidence about the risks of foreign political interference posed by foreign nationals providing donations and funding to university research and institutes, particularly the prevalence of Confucius Institutes at several NSW universities, donations from Mr Huang Xiangmo to UTS and WSU, and the research of Mr Li Jianjun at WSU.

Confucius Institutes

- 7.16** The Confucius Institutes are funded by the Chinese Government as a form of cultural outreach, and are located on campuses across New South Wales at the University of Sydney, UNSW and the University of Newcastle.
- 7.17** Dr Spence clarified the role of the institute at his university, and whether it should be regulated by federal foreign interference legislation:

Our Confucius Institute teaches no University of Sydney students. It is a community education activity overseen by people from the University of Sydney and from Fudan, but it teaches no University of Sydney students and makes no financial contribution to the University of Sydney. It is like an association for us with Alliance Francaise or the Goethe-Institut or whatever it might happen to be, except that the Chinese Government, because it is concerned about academic quality, has the institute overseen by a board made up of academics from the universities, but it does not teach University of Sydney students. It teaches community language and culture programs. I have been to two events. One was James Morrison playing the trumpet with somebody playing a traditional Chinese instrument.⁴²³

- 7.18** This benign view of Confucius Institutes was questioned by Dr Babones, an Associate Professor at the University of Sydney. Dr Babones said that he has historically been a proponent of the Confucius Institutes as being a harmless cultural agencies. However, he observed that he had started to question whether Australia should be hosting these Chinese government organisations.⁴²⁴ He commented on the unique diplomatic situation that Australia and China are in, and compared the prevalence of Confucius Institutes in Australian universities to universities in the United States of America:

⁴²² Submission 17, Western Sydney University, p 23.

⁴²³ Evidence, Dr Spence, 7 September 2020, p 17.

⁴²⁴ Evidence, Dr Salvatore Babones, Associate Professor at the University of Sydney, 7 September 2020, p 9.

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... 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...⁴²⁵

- 7.19** While Dr Babones did not consider the Confucius Institutes as being 'very threatening from the standpoint of infiltration',⁴²⁶ he did suggest that the Chinese Government has initiatives that should be a cause for concern:

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.⁴²⁷

Donations from Mr Huang Xiangmo

- 7.20** According to media reports, in 2013, Mr Huang Xiangmo made substantial donations of \$3.5 million to establish the Australia-China Institute for Arts and Culture at WSU and \$1.8 million as a foundational donation to the Australia China Research Institute at UTS.⁴²⁸ At the time, WSU described it as largest single donation ever received by the University.⁴²⁹ Mr Huang also

⁴²⁵ Evidence, Dr Babones, 7 September 2020, p 9.

⁴²⁶ Evidence, Dr Babones, 7 September 2020, p 14.

⁴²⁷ Evidence, Dr Babones, 7 September 2020, p 14.

⁴²⁸ Matthew Knott and Heath Aston, 'Don't become 'propaganda vehicles' for China: universities warned over donations', *Sydney Morning Herald*, 8 September 2016, <https://www.smh.com.au/politics/federal/dont-become-propaganda-vehicles-for-china-universities-warned-over-donations-20160908-grc1as.html>.

⁴²⁹ Western Sydney University Australia-China Institute for Arts and Culture, *Eminent scholar to lead Australia-China Institute for Arts and Culture*, (31 August 2016), Western Sydney University, <https://www.westernsydney.edu.au/aci/ac/highlights/eminentscholar/leadaci#:~:text=Professor%20Chey%20is%20one%20of,relations%20between%20China%20and%20Australia>.

sat on the advisory board of both institutions and was the chairman of the Australia China Research Institute for a period of time.⁴³⁰

7.21 Mr Huang is a Chinese billionaire and property developer who had his Australian permanent residency visa cancelled in February 2019. He is no longer permitted to re-enter Australia.⁴³¹ In the same year, he was successfully sued by the Australian Tax Office for \$140.6 million in tax, interest and penalties.⁴³² Mr Huang is also subject to an ongoing NSW Independent Commission against Corruption (ICAC) investigation into a \$100,000 political donation made in cash.⁴³³

7.22 In response to supplementary questions about these donations and any subsequent changes to their governance practices, representatives from both WSU and UTS declared that both universities had safeguards in place and had undertaken the necessary due diligence. The response from representatives of WSU indicated that:

The University has well developed due diligence processes within its Office of Advancement which are routinely applied to all major prospective gifts or donations to the University from individuals or companies. The University's Board of Trustees is also informed of and approves all major gifts or donations.

In relation to the gift to establish the Australia-China Institute for Arts and Culture (ACIAC), the University also sought and received advice from ASIO. Based on the University's extensive due diligence process and this advice, the gift was finalised and accepted.

Membership of the governance bodies of the University is determined, as appropriate, by the Board of Trustees, on advice from the Board Executive Committee and following appropriate due diligence. Membership of advisory committees to University research institutes is approved by the Vice-Chancellor, on advice from the Deputy Vice-Chancellor responsible for research, and following appropriate due diligence.⁴³⁴

7.23 Similarly, the response from representative of UTS outlined the University's general practices in accepting donations and the current funding of the institute:

⁴³⁰ Matthew Knott and Heath Aston, 'Don't become 'propaganda vehicles' for China: universities warned over donations', *Sydney Morning Herald*, 8 September 2016, <https://www.smh.com.au/politics/federal/dont-become-propaganda-vehicles-for-china-universities-warned-over-donations-20160908-grc1as.html>.

⁴³¹ Kathleen Calderwood, 'Chinese billionaire Huang Xiangmo 'dramatically' increased money transfers overseas after ATO audit', *ABC News Online*, 18 September 2019, <https://www.abc.net.au/news/2019-09-18/huang-offshore-transfer-ato-audit/11526156>.

⁴³² Australian Associated Press, 'Federal Court judge was wrong to freeze Huang Xiangmo's assets in tax office stoush', *The Guardian Online*, 17 August 2020, <https://www.theguardian.com/australia-news/2020/aug/17/federal-court-judge-was-wrong-to-freeze-huang-xiangmos-assets-in-tax-office-stoush>.

⁴³³ Australian Associated Press, 'Federal Court judge was wrong to freeze Huang Xiangmo's assets in tax office stoush', *The Guardian Online*, 17 August 2020, <https://www.theguardian.com/australia-news/2020/aug/17/federal-court-judge-was-wrong-to-freeze-huang-xiangmos-assets-in-tax-office-stoush>.

⁴³⁴ Answers to questions on notice, Western Sydney University, 19 October 2020, p 1.

UTS, like other universities, employs a number of safeguards to ensure the independence of academic research and teaching, including research codes of conduct and commitment to free speech, conflict of interest and donations policies, and the peer review nature of academic research.

The Australia China Research Institute at UTS was established with a foundational donation by Mr Huang Xiangmo in 2013, and was launched by then-Foreign Minister Julie Bishop and then-Shadow Foreign Minister Tanya Plibersek in 2014. However, its operations are now fully funded by the university, and it is run by a university management committee. UTS donors do not receive benefit from their giving, other than the understanding that their gifts make a real and beneficial difference in the world.

Like all universities, UTS undertakes due diligence before accepting any donation (see Philanthropic Fundraising Policy), and makes decisions based on the best information available at the time. All major gifts and benefits are publicly disclosed (see Donor Reports).⁴³⁵

The revocation of the student visa of Mr Li Jianjun

- 7.24** Mr Li Jianjun is a scholar of Australian studies who is currently enrolled as a doctoral student at the WSU School of Humanities and Communication Arts.⁴³⁶ He has not yet completed a PhD.⁴³⁷ Media reports indicate that Mr Li had his student visa revoked on 9 September 2020 as part of the foreign interference investigation into Mr John Zhang, the former staffer of the Hon Shaoquett Moselmane MLC, a member of the Legislative Council.⁴³⁸
- 7.25** Given the significance of the case of Mr Zhang, the committee raised the case of Mr Li in supplementary questions to WSU. In written responses about Mr Li's study and student visa status, WSU indicated that:

The University was not notified of any security concerns by the Federal Government regarding Mr Li either before or after the cancellation of his student visa. Communication with ASIO regarding this matter was initiated by the University subsequent to the University being informed by Mr Li of the cancellation of his student visa.⁴³⁹

Cyber security

- 7.26** It was clear during this inquiry that cybersecurity and digital safety present a significant frontier in striking the balance between accessibility of university information and adequate protections. It has become even more significant with the rapid move to online learning and assessments during the COVID-19 pandemic, discussed in more detail in Chapter 5.

⁴³⁵ Answers to questions on notice, University of Technology Sydney, p 3.

⁴³⁶ Answers to questions on notice, Western Sydney University, 19 October 2020, p 1.

⁴³⁷ Answers to questions on notice, Western Sydney University, 19 October 2020, p 1.

⁴³⁸ Sean Rubinsztein-Dunlop and Echo Hui, 'Australia revokes Chinese scholar visas and targets media officials, prompting furious China response', *ABC Investigations*, 9 September 2020, <https://www.abc.net.au/news/2020-09-09/chinese-scholars-have-visas-revoked-as-diplomatic-crisis-grows/12644022>.

⁴³⁹ Answers to questions on notice, Western Sydney University, 19 October 2020, p 2.

7.27 University representatives appearing before the committee during the inquiry were cognisant of the risks presented by the significant online presence and activities of their universities. Some universities have introduced new measures to improve institutional, personnel and student safety online. For example, the ACU submission observed that:

... given the increased number of ACU staff and students working and studying remotely due to the coronavirus pandemic, extra measures have been taken to increase cyber security; including through the introduction of Multi-Factor Authentication and awareness raising on cyber security, to help protect individuals' data, identities, and ACU's information, assets and systems.⁴⁴⁰

7.28 The much-publicised data breach experienced by the Australian National University in late 2018 is a cautionary tale to universities in NSW.⁴⁴¹ Like many organisations, universities are often subject to phishing attacks, and the ACU conceded it had experienced some attacks, with negative effects.⁴⁴²

7.29 At the same time, the committee received evidence that the universities are well-placed to leverage their expertise to implement stronger cybersecurity protections. According to the submission from UNSW:

...we remain committed to best-practice cyber security, in light of recent cyber incidents in Australia that have impacted our sector. As well as having a number of Australia's leading cyber security experts as part of UNSW faculty, we have also implemented our three-year, 2020 Technology Strategy and Roadmap, to ensure that we remain vigilant against any threats.⁴⁴³

7.30 In relation to cybersecurity, the committee was concerned by the recent financial audit by the Audit Office of NSW that identified some gaps and weaknesses in the cybersecurity of the public universities. The NSW Auditor-General's Report, 'Universities 2019 audits', found 108 internal control deficiencies across the ten public universities in New South Wales.⁴⁴⁴ These included two universities that had not implemented a cyber-risk policy, three universities without formal staff training in cyber awareness, and two that had not established formal data breach management policies.⁴⁴⁵ The Auditor-General recommended that 'NSW universities should strengthen cyber security frameworks and controls to protect sensitive data and prevent financial and reputational losses'.⁴⁴⁶

⁴⁴⁰ Submission 9, Australian Catholic University, pp 7-8.

⁴⁴¹ Australian National University, *ANU releases detailed account of data breach* (2 October 2019), Australian National University Newsroom <https://www.anu.edu.au/news/all-news/anu-releases-detailed-account-of-data-breach>.

⁴⁴² Evidence, Professor Skrbis, 7 September 2020, p 29.

⁴⁴³ Submission 14, University of New South Wales, p 7.

⁴⁴⁴ Audit Office of NSW, *Universities 2019 audits* (New South Wales Auditor-General's Report, Financial Audit, 4 June 2020) p 2.

⁴⁴⁵ Audit Office of NSW, *Universities 2019 audits* (New South Wales Auditor-General's Report, Financial Audit, 4 June 2020) p 2.

⁴⁴⁶ Audit Office of NSW, *Universities 2019 audits* (New South Wales Auditor-General's Report, Financial Audit, 4 June 2020) p 2.

Overseas campuses of NSW universities

- 7.31** A number of NSW universities operate or have operated campuses overseas, which pose particular risks for foreign political interference. For example, the University of Wollongong has 'transnational campus networks' across Hong Kong, Dubai and Malaysia.⁴⁴⁷ There are 7,500 offshore international students.⁴⁴⁸ These overseas campuses are part of the University of Wollongong Global Enterprises (UOWGE).⁴⁴⁹
- 7.32** In terms of the federal guidelines, Professor Farrell from UOW indicated that he is not aware of any 'matters in our overseas campuses that might have constituted a risk under those guidelines'.⁴⁵⁰
- 7.33** However, these campuses present a unique challenge for universities to meet Australian standards for the conduct and operations of a university campus while also complying with the legislative and cultural expectations of their host countries. When asked whether academics operating in their overseas campuses enjoy the same freedoms and protections as they would in Australia, Professor Farrell responded:
- Broadly speaking, yes, they do, because obviously all of our staff are subject to our code of conduct and subject to the code of behaviour that we expect of all of ourselves. So broadly speaking, yes, that is correct. But obviously in certain countries there are particular cultural and legal contexts and at the same time all people who abide in those countries are subject to those jurisdictions. So it is merely a matter of obviously we do not have any policies that we would have in place that would override the legal situation in foreign jurisdictions. We just obviously get that balance correct as best we can.⁴⁵¹
- 7.34** University of Wollongong students also have the opportunity to study their program at transnational education partner institutions, including PSB Academy and Singapore Institute of Management in Singapore, INTI International University & Colleges in Malaysia, and Central China Normal University (CCNU) in China.⁴⁵² These arrangements are distinct from the study abroad and exchange programs commonly offered by Australia universities. In answers to questions on notice, the University of Wollongong indicated that '[t]hose partners may have teaching arrangements with other international institutions under a similar model to UOW'.⁴⁵³

Committee comment

- 7.35** Any university which is over-reliant on foreign student income could potentially be exposed to undue foreign influence.

⁴⁴⁷ Evidence, Professor Farrell, 7 September 2020, p 27.

⁴⁴⁸ Evidence, Professor Farrell, 7 September 2020, p 26.

⁴⁴⁹ Answers to questions on notice, University of Wollongong, p 1.

⁴⁵⁰ Evidence, Professor Farrell, 7 September 2020, p 30.

⁴⁵¹ Evidence, Professor Farrell, 7 September 2020, p 30.

⁴⁵² Answers to questions on notice, University of Wollongong, p 1.

⁴⁵³ Answers to questions on notice, University of Wollongong, p 1.

- 7.36** The NSW Government should wait for the findings of the Federal Parliamentary Joint Committee on Intelligence and Security's Inquiry into national security risks affecting the Australian higher education and research sector before considering legislative and/or other reform to overcome the problem.
- 7.37** The NSW Auditor-General has produced high-quality audits of the university sector and the most recent recommendations should be implemented as a priority by the universities, and the NSW Government should take action to ensure this is done as soon as possible.

Recommendation 38

That the NSW Government consider legislative and/or policy reform that responds to the findings and recommendations of the Federal Parliamentary Joint Committee on Intelligence and Security's Inquiry into national security risks affecting the Australian higher education and research sector.

Recommendation 39

That the NSW Government ensure that all recommendations of the NSW Auditor-General's 2019 financial audit of universities are implemented immediately.

Appendix 1 Submissions

No.	Author
1	FamilyVoice Australia (NSW)
2	Mr James Gardiner
3	Mrs Anne Schaeffer
4	Coalfield Geology Council of NSW
5	Dr Pejman Keshvardoust
6	Society for the Provision of Education in Rural Australia
7	Mrs Jane Scott
8	Dr Salvatore Babones
9	Australian Catholic University
10	Name suppressed
11	Country Universities Centre
12	Mr Harvey Rough
13	Name suppressed
14	University of New South Wales
15	The University of Sydney
16	Name suppressed
17	Western Sydney University
18	Ms Astrid O'Neill
19	Name suppressed
20	Confidential
21	2pi software
22	National Tertiary Education Union
23	University of New England
24	Ms Miranda Korzy
25	Isolated Children's Parents' Association
26	Liverpool Innovation Precinct
27	Ms Anne Picot
28	Campus Justice
28a	Campus Justice
29	Western Sydney Leadership Dialogue

No.	Author
30	University of Technology Sydney
31	Alphacrucis College
32	Professor Bassina Farbenblum & A/Professor Laurie Berg
33	University of Wollongong
34	Charles Sturt University
35	NSW Government
36	Australian International College of Language (AICOL)
37	Community and Public Sector Union, NSW Branch
38	Mark Tarrant Lawyers
39	Confidential
40	Professor John Buchanan
41	Blacktown City Council
42	NSW Fair Trading

Appendix 2 Witnesses at hearings

Date	Name	Position and Organisation
Monday 7 September 2020 Macquarie Room Parliament House, Sydney	Professor Ian Jacobs <i>via teleconference</i>	President and Vice-Chancellor, University of New South Wales
	Professor George Williams AO	Deputy Vice-Chancellor (Planning and Assurance) University of New South Wales
	Dr Michael Spence AC	Vice-Chancellor and Principal University of Sydney
	Professor Attila Brungs	Vice Chancellor and President University of Technology Sydney
	Mr Iain Watt	Deputy Vice-Chancellor, International University of Technology Sydney
	Professor Zlatko Skrbis	Acting Provost, Provost Portfolio Australian Catholic University
	Professor Theo Farrell	Deputy Vice-Chancellor (Education) University of Wollongong
	Professor Barney Glover AO <i>via teleconference</i>	Vice-Chancellor and President Western Sydney University
	Professor John Germov	Acting Vice-Chancellor Charles Sturt University
	Professor Janelle Wheat <i>via teleconference</i>	Acting Deputy Vice-Chancellor and Provost Charles Sturt University
Tuesday 8 September 2020 Macquarie Room Parliament House, Sydney	Professor Brigid Heywood <i>via teleconference</i>	Vice-Chancellor & CEO University of New England
	Mr Kris Kauffmann <i>via teleconference</i>	Senior Executive, Strategic Advisor University of New England
	Revd Dr David Perry	Vice-President Alphacrucis College
	Mr Nick Jensen	Political Liaison Alphacrucis College
	Dr Laurie Berg	Association Professor Faculty of Law University of Technology Sydney

Date	Name	Position and Organisation
	Dr Salvatore Babones	Associate Professor School of Social and Political Sciences University of Sydney
	Mr Troy Wright	Branch Assistant Secretary Community and Public Sector Union, NSW
	Ms Shelley Odewahn	President of the Higher Education Representative Council Community and Public Sector Union, NSW
	Dr Damien Cahill	Assistant Secretary NSW National Tertiary Education Union
	Mr Paul Kniest <i>(via videoconference)</i>	Director Policy and Research, National Tertiary Education Union
	Mr Duncan Taylor	Chief Executive Officer Country Universities Centre
	Ms Monica Davis	Director of Education Country Universities Centre
	Mr Brian O'Neill <i>(via videoconference)</i>	National President Society for the Provision of Education in Rural Australia Inc
	Mr Chris Ronan <i>(via videoconference)</i>	Executive Member Society for the Provision of Education in Rural Australia Inc
	Mr Mark Scott	Secretary NSW Department of Education
	Mr Martin Graham	Acting Deputy Secretary Education System Reform NSW Department of Education