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**THE LEGISLATIVE COUNCIL GOVERNMENT ADMINISTRATION COMMITTEE
B MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON
WEDNESDAY 14 OCTOBER 2026.**

INQUIRY INTO UTAS ANNUAL REPORT 2025

The committee met at 9.00 a.m.

CHAIR (Ms Armitage) - Good morning and welcome, everyone, and thank you very much for coming along to today's hearing of the Legislative Council Sessional Committee Government Administration B inquiring into the University of Tasmania Annual Report 2025. If I could introduce our members at the table: the honourable Luke Edmunds, member for Pembroke; myself, Rosemary Armitage, member for Launceston; the honourable Meg Webb, member for Nelson; the honourable Mike Gaffney, member for Mersey. On the screen we have the honourable Casey Hiscutt, member for Montgomery. And assisting us we have James, our secretariat, and we have Gaye on Hansard.

Could you please state your name and the capacity in which you're appearing before the committee, if you could?

Ms HUNTINGTON - I'm Kate Huntington, Deputy Vice-Chancellor, Student Services and Operations.

Prof BLACK - Rufus Black, Vice-Chancellor.

Ms WATKINS - Alison Watkins, Chancellor.

Mr ROSE - Ben Rose, Chief Financial Officer.

CHAIR - Can I confirm that you have received and read the information for witnesses guide sent to you by the committee secretary? You all have?

WITNESSES - Yes.

CHAIR - Thank you. All evidence taken at this hearing is protected by parliamentary privilege, allowing individuals to speak with freedom, without fear of being sued or questioned in any court or place out of parliament. I do remind you, though, that any comments that you make outside the hearing may not be afforded such privilege. This hearing is public, which means members of the public and the media may be present, and the evidence you present is being recorded, and the *Hansard* version will be published on the committee website when it becomes available. The hearing is also being broadcast. Should you wish for some or all of your evidence to be heard in private, you must make that request to the committee and the committee will consider the request. The committee is taking sworn evidence, so if you could please take the statutory declaration in front of you, if you'd like to do that one by one, thank you.

Ms KATE HUNTINGTON, DEPUTY VICE-CHANCELLOR, STUDENT SERVICES AND OPERATIONS, **Prof RUFUS BLACK**, VICE-CHANCELLOR, **Ms ALISON WATKINS AM**, CHANCELLOR, AND **Mr BEN ROSE**, CHIEF FINANCIAL OFFICER,

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UNIVERSITY OF TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Thank you. My understanding is you do have a presentation, so if you would be able to table the document, that would be appreciated, thank you. We will also - I think you'll provide it by email? Thank you. So, if you wish to make an opening statement as well, and I understand that you do have the document.

Ms WEBB - Is this the presentation that you're making to us now?

Prof BLACK - Yes.

Ms WEBB - What's the expected time that you will take for the presentation?

Prof BLACK - I'd say it'd take somewhat over half an hour.

CHAIR - Well, we do have it in front of us, so see how we go.

Prof BLACK - Yep.

Ms WEBB - It's a lengthy period of time to take from the hearing.

CHAIR - It is.

Prof BLACK - I think we have four hours this morning.

CHAIR - Yes.

Prof BLACK - Chair, thank you very much for the opportunity to appear before the committee. Before we begin, I'd like to acknowledge that we're on Aboriginal land and acknowledge the palawa and pakana peoples of lutruwita/Tasmania, recognising that they are on unceded land and recognise their stewardship, and especially in our place, the rich knowledge and thriving community they contribute to the vitality of the life of the university and of the whole island.

Thank you for the opportunity to be back before the Legislative Council. The Public Accounts Committee that we appeared before in 2014 produced a valuable and useful report and we see this, in lots of ways, as an outworking of the importance of the university continuing to write public information and be available for scrutiny. This year is probably a particularly important year, given the very substantial kind of decisions that will be made by the Commonwealth Government in relation to the funding of the universities over the next 12 months. In order to provide you a picture of why our annual report has the kind of character that it does, in terms of both objectives and also our finances, we're going to provide a full picture of that. If I can start with the context for the university:

The university now operates in a very different environment that the Commonwealth Government has introduced in recent years. As the primary funder of universities and the principal regulator of them, the Commonwealth has now established, as you'd be well aware, a tertiary education commission that takes responsibility for individual universities, and that includes ourselves. It's a welcome development, because at last we have an entity that has

overall responsibility for our universities. That is a significant shift from a market system to a managed system, where there are very clear priorities set for universities, and they are informed by state government priorities. The state government is consulted as part of creating that. Universities are now, therefore, governed by compacts.

The first year of that process is now underway, and we have a compact for a single year to govern this year, which has really been a kind of opportunity for ATEC to get to know universities. As of next year, there will be a four-year compact. That's a critical document that provides us with the funding structures, the student numbers, in return for our commitments around what we are going to do. And those commitments are worth speaking to, because they reflect actually what you will find the university is directed to do.

The very valuable thing about the ATEC is it sets a clear set of national priorities - and you can see them on the left-hand side of that slide, around national and state priorities: First Nations; equity: quality of teaching; a joined-up tertiary system, including TAFEs; and research. We have obviously worked closely through this period of reform to develop a strategy that would enable Tasmania to thrive, and us to thrive, in this new environment. And that's really, when you see the activities in our annual report, they reflect our strategy. And you can see how tightly aligned it is with the priorities that the ATEC has established.

So, when we see the contributions the university has made, we very much see them in terms of those kind of strategic priorities. And again, the details of those are reported well here. We continue, in terms of commission for the state, our very substantial expansion of building a health workforce, which is making great progress, particularly in the north and the north-west, and in closing substantial gaps in Tasmanian healthcare workforce. Notably, things like having increased the number of physios in the state by 10 per cent in the last few years. The number of psychologists have increased to the level which we're able to see much higher levels of them in our schools.

We continue to be globally leading in terms of the work we do in climate, and across the rest of the agenda. We are the fourth-largest graduator of Aboriginal and Torres Strait Islander students in the entire country, last year in 2025. Equity: where often universities have only a few per cent of students from those categories, we have a third of our students come from the lowest SES quartile in Tasmania, of our Tasmanian students. Our teaching quality has risen to be number five in the nation of public universities, and our overall student experience now exceeds all but one of the Group of Eight. We've joined up tertiary, we lead - become nation-leading, we've got 23 articulation agreements, pathways with TAFE, and we're seen as kind of one of the best integrated that there is. And we, of course, think there's still more to do. And our research is at historically high levels. This year, just outside the window of the annual report, we had the largest number of future fellows ever. So, the ATEC has been very complimentary and supportive of the work we do.

Now, that work we do, obviously the funding of that is reflected in our annual report, and I'll pass to Ben to describe the picture the annual report shows of that.

Mr ROSE - Thank you, Rufus, and good morning, everybody. So yes, the annual report. I'll start talking through, specifically, the 2025 income statement, one of the main pages that is sitting within the annual report, within the financial statements. On the slide I have there is a fairly detailed slide of numbers. It's a summarised version of that income statement.

Where I should start with this is actually at the bottom, so the net result, which is the very bottom line of the university for 2025, was a \$22.9 million loss, compared to 2024, where there was an \$11.7 million profit, was the movement in between the two years. There are a couple of things, in particular, that really drove that. One was the decrease in government capital grants. So, you'll see that the income is basically flat from year to year in total. But the main reason for that was because we received \$23 million less in capital grants than we did the year before. That was really bringing to the end the northern campus program that we ran, so the last year of significant capital grants we received was in 2024 for that one.

The other major movement from year to year from 2024 to 2025 was around the de-recognition of what we call the IDP franking credits. That is a dispute that's currently with the ATO and is going through the court system about the university's right to receive those franking credits. They are worth \$22.8 million. That was really what drove this swing from year to year in that result, but that's got a few volatile things in it. If you look in the financial statements themselves, at the bottom of the income statement there is little table called 'result from core activities', which is what that talks to. What that tries to do is sort of eliminate volatile things that occur from year to year so we can get a true picture of the underlying result and underlying operations of the university. This table here is the replication of that. You'll see again - I'll start at the bottom, at a core result level, the university did still make a \$27.7 million loss for 2025, but that was an almost \$20 million improvement from the position we reported in 2024 when you look at the actual underlying operations. That itself was a significant improvement from the number we reported in 2023, so we are on that continual improvement trajectory.

Just talking to a couple of key things that are excluded from these core activities, the bigger numbers on here, one of them is investment income. We obviously have an investment portfolio that earns returns. In 2025, that was a \$52 million gain. In 2024, it was a similar gain, really reflecting global market movements. But it is a very volatile number. If you go back to 2022, for instance, we had a \$30 million loss rather than a \$50 million gain, so it is a very volatile number. The other key movements on that page are the capital grants that I've spoken to; and the other one is the impairment of the franking credits, the other significant movement on that page.

What really sits under underneath some of those numbers and within the core activities are a couple of different revenue streams. One is revenue from domestic students. The chart you're looking at here are our Commonwealth-supported places reported by EFTSL - our equivalent full-time students. What this chart really highlights, going from 2019 right through to now, is one of the spikes that we saw in 2020. It is a pattern that you see through history that when there are tough economic times or a bit of a crisis, we tend to get more students enrolling in university, whether it's to look for career change or whatever it may be. We saw similar patterns during the GFC. So we did experience a big spike in 2020, but since then our domestic student numbers have been decreasing, and they're settling around this range here, what we're calling the new normal.

One of the reasons we're sitting around here at the moment is really around, for Tasmania in particular, the fact that our grade 12 graduators are a shrinking demographic. They've effectively peaked this year. If you look forward from kids coming through school, so from this year on, our grade 12 population actually starts to decrease, which obviously creates a challenge when you're looking to get more students in university. Similarly, we find that basically any Tasmanian who currently wants to go to university does go to university, so what

we need to tackle is trying to change a bit of the underlying education system that sits beneath that to try to get more students looking towards higher education, which is a big part of the partnership you want to see with the state.

The other key revenue driver for us from an operational point of view, obviously, are international students. If you look at that chart, from 2019 we had nearly 5000 EFTSL in international students and they delivered almost \$140 million in revenue. We're now sitting at just over 2000 international EFTSL delivering a bit over \$70 million. Obviously that's a significant reduction in anyone's terms. But in real dollars, if you count rolling inflation in there, that's almost a \$100 million reduction in actual revenue coming in the door from 2019 through where we are now.

Listed on the right there are quite a few things obviously impacting that. One of them, obviously, is the pandemic. But there's been a couple of other federal policy changes that made a significant difference, and also some international policy changes as well. I'll go through a couple of those quickly. One was in 2019, just before COVID broke, actually, at the end of 2019, when Perth and the Gold Coast were given the same regional migration status as Hobart. Launceston and Burnie do have a slightly different status, but Hobart was the same as Perth and the Gold Coast, which means we were competing with those two jurisdictions for students. COVID then happened, and so everyone was impacted. But on the rebound, Perth and the Gold Coast have been able to leverage those to actually see growth in those areas where we have struggled to grow.

The pandemic meant the Chinese borders remained shut for an extra year compared to most. Pre-COVID, we had a significant Chinese population within our student cohort, so obviously it has had a significant impact. Also emerging from that, the Chinese government then introduced a policy that encouraged their students to focus on the top 100 universities globally, which meant in Australia they were focusing largely on the Group of Eight, which is where a lot of those students then enrolled.

Then we've had policy changes around migration since then that have played havoc with aiming to try to address a problem that exists in the big cities, but which seems to have had an inordinate impact on the regional universities, which is what we're actually seeing from some of the policy changes being made at a Commonwealth level.

The government did recognise some of that challenge, though, and we played a key part in negotiating what they call the CGS guarantee, or the Higher Education Continuity Guarantee, as it is officially called. What that meant was, at a domestic student level, our government portion of our domestic student funding was guaranteed regardless of how many students we had during this period. You can see on the chart there the solid grey line is that core result that I spoke to, and the dip that we've seen over the last few years; and then the rebound from 2023-24 and 2024-25. But you'll see, without the guarantee from the government, what that result would have been for an underlying operational point of view. That's effectively contributed about \$130 million to the university over that five-year period, which is obviously a significant amount. What has happened, though, is that that guarantee is now ceasing and we are now transitioning to the managed environment that Rufus will speak to a little bit later.

One thing that has grown, and continues to grow, is the success we've had around winning research grants. You'll see, if you go from the last 30 years, that we've had about a tenfold increase in the amount of research income that we've earned, which is excellent for some of the

research that's required to support the state and, indeed, on a bigger picture. But what also happens with research is that for every dollar of research you win, you also need to provide supporting costs, and that tends to range between \$1.00 to \$1.50. There's a study here that was done in 2022 that looked at the Australian research sector and it came up with \$1.20 as their sort of average figure that people need to contribute, on top of the research grant you receive, to actually support the research. So, while winning research grants is excellent, they do actually bring additional costs with those as well.

What we've done in response to revenue challenges and increasing costs associated with research, is that we have had to focus very heavily on costs over the last few years and we've done a good job keeping a lid on those. Compared to some of the volatility you see in some of the mainland universities, with some of the big spike increases in revenue and massive increases in cost, and then having to slash costs very significantly, we've managed to keep a fairly flat line and a fairly steady approach to that over the time through things like vacancy management, which has been a big part of that. There have been some redundancies, but compared to what you see on the mainland, nowhere near the level of what they were seeing. Over that same period of time, what we've seen is actually tracking \$41 million below where we would have been, from a salary point of view, if you took the 2019 staffing profile and rolled that forward based on EBA increases. From 2022 through till now, we've also reduced senior management FTE by about 18 to 19 per cent since then.

Staffing costs make up the biggest single portion of our costs, but there are also other expenses in there as well, such as electricity, consulting costs, travel and all the other non-salary-related costs. We can see on this chart that we actually managed to keep those pretty flat really overall compared to where we were in 2019. We saved a fair bit of money in response directly from COVID and, overall, that means we're tracking in equivalent today terms about \$32 million below where we would have if we'd maintain the previous run rate. So, we have made significant cost savings, but not enough to offset some of the revenue challenges that we've faced.

If you pull back a little bit and look at the last 10 years, there's two lines on this chart. The first line on top there is the net result, which is the total result of the university, and includes those volatile items like investment income and capital grants and things like that. And you'll see on this chart here how volatile it is, how it bounces around significantly from year to year. The grey line on the bottom is the net result from core activities, so that's what we do where we exclude the volatile items and really get a picture of what the underlying university looks like. What you can see from that chart is that the core result that we've reported has never really been better than a break-even position. And that's not enough to really be able to invest in the facilities and invest in the infrastructure that a university needs to. It is really just a sort of bare minimum of financial sustainability, and obviously the challenges we've faced over the last four years emerging from COVID and the challenges that I've spoken to before.

So, that's talking to the core result. One other metric, a metric that we use heavily internally, is EBITDA - earnings before interest, tax, depreciation and amortisation. We've been focusing on that, in particular, since COVID, when managing cash has become very important; you know, looking at our cash profile, how many resources have we got, and using EBITDA as a way to project where that might be going. And what EBITDA helps to do is support the things we need to deliver. Every year we spend about \$30 million - it does fluctuate a little bit up and down, about \$30 million on what we call our sustaining capital. That's more minor capital projects - buying equipment, those sorts of things. It doesn't include the major

capital building works and things like that. That's a separate issue. We also have about \$15 million worth of interest that we pay each year associated with our Green Bond borrowing. That adds up to just above over \$45 million.

On this chart, you'll see we've got a target range there of \$50-\$60 million. That's what we're actually targeting to get to. The main difference between the grey line and the green line you see there is depreciation, and it's the green line that represents our EBITDA. And that's what we need to try and push back into, that \$50-\$60 million range, to get to what we would call a first marker in financial sustainability. It's getting back into that point, in which case we're no longer, effectively, drawing from our reserves to fund operations. Every time we're below that green area, effectively, it means we're taking money out of the bank to pay for teaching and learning, and research activities.

Prof BLACK – That gives rise to the kind of key question: why is it like that? And that's a picture you'll see across all universities and is ultimately across annual reports for years. This is the funding dynamic that's really important to understand. That's what I want to just then very briefly talk to because it explains why we have the finances we have.

We're clearly a university that, by direction and requirement, and by Tasmania's needs, is a multi-campus university providing a very full suite of offerings across the island, and also provides substantial research and development for Tasmania, the largest research and development entity on the island. And we provide some national research from Tasmania that's important for our nation and the world. How does all of that get funded? What's the basis of that funding? That's what I will turn to next.

There are two parts to that, and you've seen them in Ben's piece. Ultimately, what governs the money we get is the domestic higher education funding policy and migration policy - two Commonwealth sets of policies that really determine how much we get. And remember, we now live in a world where government regulates both the number of students we get and what we get paid for each student, and they set the migration policy settings. When we look at where that money comes from, let's start with domestic students. Eighty-six per cent of our kind of domestic student revenue comes from the amount we get per student when they attend the university. It's a different amount depending on what different kind of subject areas they're doing, but that's where the bulk of it comes. It comes effectively attached to per student. Then there's about 14 per cent in addition to that that is needs-based funding that comes with particular characteristics that student profile or the university might have. But the great bulk of it is the amount we get per student. And then, of course, we have the research funding, which Ben talked to.

The very core of what goes on in higher education funding is captured in this critical part of the story, which is: what is the relationship between what you get paid per student and what it costs you to teach each student? The way the country calculates what we get paid per student, effectively, is to add up all the costs of, say, in this case, pharmacy students right across the country and then divide it by the number of pharmacy students. That gets a national average cost, or as government talks about, national average price, for educating a pharmacy student. Now, you can clearly see, if you do that calculation, it's based on what a national average is. When you actually look at the cost of delivery, it's very substantially driven by scale - how many students are in the class. So, what we've got here - and this uses our numbers to be able to make it particularly clear, because we teach pharmacy across the state, is if you've got a small cohort, which would be our cohorts in both Burnie and in Launceston, then the cost of

educating them, the black line across it, is the income you get per student; the bar is how much it costs. So, the cost of educating a student in Burnie or Launceston exceeds the amount that you actually get per student. In Hobart, which is in our medium-sized category, it still exceeds the cost per student. So, we literally lose money on every student in order to teach them. Now, we are completely committed to providing education in small sizes, because we have to in Tasmania, and in our regional locations. The important thing to note here is that if you're large-scale provider - take Monash, for example, a big pharmacy program, then what you get is actually you make money on every student. That would be in a large cohort. What you're seeing there is the per-student gain. Multiply that by hundreds and hundreds, and in the case of somewhere like Monash, thousands of students, and you actually make very large surpluses, while universities like ourselves effectively make losses on our students. You can imagine that the bigger you get, the more you gain, so the thousandth-and-one student costs you virtually nothing and you get their full amount of income.

That funding mechanism is at the core of our university and regional university challenges. Just to give you a sense of the scale of it, when you look at small courses, they cost anywhere between - smaller cohorts, which is basically all our cohorts other than nursing and education, anywhere between 10 and 37 per cent more than the national average cohorts. The logic for that, I think, is fairly self-evident around the fixed costs that you get. In terms of regional delivery, it costs about 12 per cent more to deliver in regions, and that's a non-trivial extra cost that comes on top of it. So, we're adding up hitting anywhere between 20 and 50 per cent more to educate a student in a university like ours compared to the mainland universities, which is actually what sets the funding level we receive.

If you then look at what has been done about that, the government has, on that much smaller portion, made some reforms. It made some reforms around needs-based funding to increase the amount of equity funding, which has a benefit to us. But they did that by taking money away from the previous regional funding scheme. You can see the two, the pre- and post-funding schemes. Beforehand, we used to actually get more for our regional students. Now, we get less. We pick up some on the equity gain but in the end, government is actually funding regional universities less than they used to for their regionality. That's important to recognise: that the funding reforms are not delivering what you would necessarily expect them to do from the kind of headline commentary.

The second piece which is really important, and Ben spoke to where we were, which was there was a provision of this guarantee, which meant, effectively, universities were no worse off after the last set of reforms. The government has now removed that guarantee, and each year our funding will continue to decline, without indexation, until the kind of budget we get meets the number of students we have. So, that's actually taking away funding that we used to get that was important stabilising kind of income for the university, before the new funding scheme has actually been deployed. So, we are left in this kind of key window with a very real - and you can see the picture here, gap in our funding between the dotted line, which is what we would have got, and the black line, which is what we now will get from that guarantee. If you look at that, what it actually shows us is that despite these current reforms, they don't improve our position.

In 2026, the introduction of the needs-based funding largely neutralised the removal of the floor in the indexation, but it was neutralising a loss of another kind, which was the declining indexation. And in 2027, the funding floor declines and more than offsets the transitional funding that we receive from government. Government provided transitional

funding but, actually, the declining funding floor takes us in a worse position, even with the \$5 million that was given to us. So, you can see the kind of impact of that for us, particularly as we look out into 2026 and 2027.

None of these changes have altered the underlying basic challenge that universities, particularly regional universities and us, have: with this shortfall, if it is costing us more to educate our students, how do we make it up? What this gives you is a picture of what that actually looks like. Here, we get - this is looking at our Tasmanian cohort of students, we call it our Tasmanian mission cohort, it costs us about \$75 million more to educate them than we receive per student. So, we have to cross-subsidise that from somewhere. International students is where, traditionally, in regional universities that cross-subsidy came from. In mainland universities, international students actually increase their surpluses because you can see from the average, they used to do well on each domestic student and then they top it up with international students. Where we are today, and this is our 2025 picture, is our revenue from international students does exceed the costs by about \$25 million, but that's still a \$50 million shortfall between the two. And if you look over in the next picture, what you can see is that picture, because of these migration policy changes, has got dramatically worse. What you've got here on the left, on the axis on the left-hand side, is the proportion of the Tasmanian costs that used to be covered by international students. Back in the pre-COVID period, it covered about 80 per cent of it. There was still 20 per cent we had to find, but it covered a much bigger portion of it. Now, as you can see, it covers barely a third of it.

That drives into those Commonwealth policy settings, which could seem quite esoteric, like how do you calculate the cost of a student? They drive this, and they drive it right across, now, regional Australia. This is what's happened to international students right across regional Australia: we've seen their share decline substantially. That's had very significant implications, because it's created, in a sense, a two-speed sector: the Group of Eight, that's the kind of large metropolitan universities, and others, have all gained during this period; whereas regional universities have lost them. So, migration policy in Australia, combined with the kind of Chinese policies Ben spoke to, has had some very perverse outcomes of directing students, in a sense, to where they're least needed, and leaves some big gaps. That's had a very significant impact on the operating margins of universities.

Here you've got it by regional groupings. The Group of Eight have barely seen their operating margins impacted between 2019 and 2024; the other, essentially, metropolitan universities have seen a decline a bit; and regional universities, which is - essentially, there's a regional university grouping which we're not a part of, but we're obviously a regionally located university. Charles Darwin, James Cook and ourselves are in that picture, and it's actually gone negative. So, the impact of the traditional barely break-even model by which we were funded, which never dealt with our capital costs, combined within the migration policies, have tipped regional universities into a negative, into actually, across the board, operating deficits. The critical piece about this is it's been going on for a very long time. So, that accumulates - and the universities understood this for a long time, that accumulates a really big challenge, which is, when it comes to our balance sheet, the critical thing to understand in order to see why and how we've had to work the balance sheet the way we have - which is what Ben will explain.

Mr ROSE - Thank, Rufus. This chart lists out some of the challenges that we've faced, and I'll talk to a couple of these. Rufus has mentioned some of them. The regional challenge, I think Rufus has spoken to that. So, domestic funding per student. Not only some of the reforms we're talking about but, at the overall level, the actual funding per student that we get

from the government has been in decline for a couple of decades, really. That's that per-student, per-course sort of funding that we get, the other part of the equation. In addition, capital funding: there used to be what they called the Education Infrastructure Fund., the EIF is what it was known as. That was available for universities to effectively access that fund to replenish some of their capital infrastructure. That fund ceased in 2014, and there's been no real replacement for how universities attract funding. Migration policy, we spoke about that, and also the funding reforms and some of the domestic policies. I think Rufus has covered that to some degree. But what that results in is some of the challenges we've faced for regional universities.

Over the past 15 years, we have tried to tackle the backlog of aged buildings we have that have really been building up over decades here, to make sure that Tasmanian students do have access to the contemporary facilities that they need and deserve. You'll see, really starting from 2010 with the Medical Science precinct, that in the city here right through - and this is right across the state, including West Park on the north-west coast and, obviously, the Inveresk precinct in Launceston, right through to what will be the completion of this program, IMAS Taroona. That's basically complete now. It'll have an official opening in the next few months. Then TIA at Newnham is the last real piece of this transitional puzzle that we've currently got on the books. What that will do is actually provide facilities statewide that students and we can be proud of.

In 2024, we did come before the Public Accounts Committee and we put up a picture that talked to how are we going to pay for the completion of this capital funding program? You'll see on the left there, it lists a few things: the buildings in the south, the completion of the north, the investment in TIA, as well as that \$30 million I spoke to that we spend each year on equipment and things like that. We did highlight that we weren't going to be making a profit over these next couple of years. We knew that was going to be the case, and so we were going to need to tap our balance sheet to be able to pay for the capital program that we had on the books. That included things like accessing our cash reserves, the investment portfolio, getting rid of surplus assets and also using our debt facilities that we had.

Looking at debt specifically, we raised a Green Bond in 2022, so there was a \$350 million Green Bond. \$70 million of that was used to pay back existing debt. That sat with TASCORP. So, we've had \$280 million to invest in that capital program. If you look, what this chart represents is these are all the universities in Australia that have what they call a public credit rating. That's where Moody's or Standard & Poor's come in, assess the financial capacity of our institution and issue a credit rating. You'll see we sit right around the average of those universities. It's currently sitting at a 26 per cent debt-to-equity ratio, so that's comparing the level of borrowings that we have versus our, I guess, our net assets, is what I'd describe that as.

In addition, when we put that borrowing, Council had a set of policies within our treasury procedure that we have a 30 per cent limit on that debt-to-equity ratio, which is something that we are keeping within. The other piece I'll mention here, and the difference between the 26 per cent, say, and the 30 per cent, is we've also got a \$50 million credit facility that sits there undrawn at the moment. That is something that we have available, if needs be.

Unrestricted funds: what this refers to is, effectively, our cash and liquid assets that we have available to pay for things, is what we refer to as unrestricted funds. There is unrestricted versus restricted is the way we look at things at the moment. I'll talk to both of them here, but

talk about restricted to start with. Restricted funds, you'll see how they have grown a lot. From 2019, we had approximately \$190 million of restricted funds on the books. That's made up of philanthropy, so donations we get to support scholarships and things like that, and research, primarily research grants we receive in advance. There are other grants, for instance, when we receive capital grants. They would have been part of this puzzle until we spent the money but, primarily, research grants is what drives the grey bar on the bottom, the other restricted area. And you'll see, really, that has grown significantly over the last five or six years to a period where we're seeing it at almost \$240 million now. At the same time, philanthropy has grown. So that restricted balance has grown significantly.

On the counter to that, the unrestricted funds - that's the funds that are available for us to spend on whatever, effectively, the university chooses, you'll see the pattern there: 2022, the big spike there was when we drew the Green Bonds. That was taking the money from the loan and putting it into the bank. And since then, we've drawn it down, really, to complete that capital program that I spoke to before.

I will make the point that the restricted and unrestricted funds really are unrelated. They are two separate monies. Just because restricted has gone up doesn't mean unrestricted goes down, but they are used for two separate purposes. I'll hand back to Rufus.

Prof BLACK - Just to conclude, the critical reason, part of the value of bringing this to your attention now is, next year the ATEC will make the single most important decision affecting regional education that will be made in a generation. It's up for review as to how much you get paid per student, and the model for doing that. If the current model continues, the challenges will continue. The alternative is actually to be paying a different amount depending on the number of students you have. We call it marginal pricing, so you get a certain amount for the first 10, a much larger amount, and that diminishes as you get larger and larger numbers of students. And if you were to properly account for the cost of regional delivery, it would fundamentally change the economics of regional universities and ourselves. If that happens, then you actually get a very different picture to the one we've got now, and you would expect to be able to operate long-term in an economically sustainable way.

We have led the work with other regional universities around the country in order to put a proposal to the ATEC, which we've done with agreement, all regional universities, that would correct that funding. So, one thing we can go confidently into next year is, there is a solution. There is a solution that you could even achieve within the current funding envelope for higher education. But it does require really quite substantial reform. And even if it was decided or recommended in 2027, it wouldn't be implemented till 2028-29 by government funding. So, there is a challenging window that exists between then and now before any major funding reform is there. But we do need the state's strong support to say that the basic funding framework does need to evolve if you want to sustain high-quality regional education. Therefore, the parliament being fully across this and able to be supportive of it, along with the Tasmanian government, is really critical.

I spoke yesterday to Prof Barney Glover, chair and chief commissioner of ATEC, the Australian Tertiary Education Commission, and he would have been very happy to appear here. He's very happy to attend and meet with people in Tasmania to engage around that issue. The ATEC is enormously supportive of the University of Tasmania. They've said so very clearly. They recognise our times are challenging and there's a bridge to be done through. That hopefully gives you a larger picture of the context of the annual report. Thank you.

CHAIR - Thank you very much. Before we go to our first question, I will mention that at around 10.50 we'll take a 20-minute break.

Mr GAFFNEY - Thanks, Rufus and Ben. I was just wondering on that last point. You sort of get a feel of how other universities and how the government is feeling about that new model. What's your gut feeling? Is it that this is not going to happen, or is there a positive vibe about that possibility? I'm interested in how you see the lay of the land.

Prof BLACK - I think there's a very real possibility that reform will happen. There is a very good appreciation by those who are engaged in this kind of work that the current model creates these problems. We've done a lot to help the sector understand that, and understand the alternatives. My background has enabled me to play a kind of leading role in bringing this to people's attention nationally, and engaging fellow vice-chancellors and, indeed, the ATEC around it. There is excellent capability within the ATEC and in the department working on this as we speak. That's why we think it's really worth leaning into, because I think it is a very realistic opportunity and a vital one to get that change to happen.

Mr GAFFNEY - Okay. Supplementary to that, do you think the fact that we have a three-campus model here in Tasmania and are the only university virtually on the land and a significantly smaller population, they would all be points in favour of the change? Will they see Tasmania differently with some of the issues that we have?

Prof BLACK - That's a good question. They see us very similarly to James Cook and Charles Darwin universities, which are effectively similar situations where you've got a single university providing for a very large, diverse population pretty much all of their higher education needs with high equity loads. They also - and James Cook is the nearest equivalent, have multiple campuses, as we have, in order to make it accessible, so it is understood to be a problem. There are universities in regional New South Wales that also look really quite similar.

It is well understood that there is a big difference, and this really highlights it, between how you provide higher education in regional settings and on the mainland. Part of what helps us here is that the accord sets a very clear and necessary national aspiration that we increase participation in higher education, and the only way we can do that is if we increase participation in regional areas and increase equity participation. In places like Tasmania or northern Queensland, there is a disproportionately large number of obviously regional students, but also equity students. So, unless you solve this problem, you can't solve the national objective of achieving levels of higher education participation consistent with the economic future of the country and, of course, access to opportunities, because nine out of 10 new jobs that are created require a higher education qualification. Our world of change is not stopping and it continues to affect our kind of communities. So it is, I think, well aligned with where the kind of policy needs are to achieve this change.

Mr GAFFNEY - My last question is a little left of centre to that. When you go through the funding for facilities, and we have three campuses, I was interested in your graph that it's a north-south break instead of north-west, north, south. Is there any reason for that?

Prof BLACK - We can definitely think of them as three separate regions, but in the northern funding, the north-west came as a package of support from the Commonwealth, state and local government as a single package. I think Ben may speak to that.

Mr ROSE - Yes, that was the logic. It wasn't really intentional, but it was associated with the Commonwealth and state grants we got for the Northern Transformation Program, which covered both the Cradle Coast campus and the Launceston campus, so I grouped them together.

Mr GAFFNEY - Is there an advantage to having the north-west, being very rural, very out-of-city status, compared to the north and the south as a funding model? Is there any advantage at a federal level?

Prof BLACK - No, we certainly don't see it that way. But you could see from that graph it costs us a lot more to educate in the north-west than even in Launceston, so that is the challenge. One of the things we point to, to help people see how you could fix this, is in our medical program. The Commonwealth has recognised the greater cost of educating health professionals in regional areas. It's one area where they have really understood it, and they do provide supplemental funding for, effectively, regional health training. And that's an important part of why we can make the economics work, to have Nursing in Burnie, to have Pharmacy in Burnie and now, of course, to have Medicine from year 1 in Burnie, which is an extraordinary kind of thing to be able to do. That helps the Commonwealth understand that if you do fund it properly, you can create opportunities for regional communities that are really significant. But if we didn't get that funding, it would be even harder to deliver that in the north-west.

Mr EDMUNDS - Just following up from that, do you find that now that you're offering those courses in, say, the north-west coast, one thing Tasmania struggles with is if you don't train someone here, it's hard to bring them here. Do you have data about whether those people stay in their communities and for how long?

Prof BLACK - Yes, they do stay in their communities. That's been one of the really terrific things about Nursing and Pharmacy, which are the ones we've done the longest there. Basically, the vast majority of them stay in their communities, and that's really because they've attracted a cohort of students for whom it wasn't practical or affordable to go to Launceston to get those qualifications. It's now practical and affordable for them to do it locally, because they're really locally embedded and so they've stayed local. The other thing we've observed is, as we're educating them all together, it's creating a stronger kind of young health professionals community, which again helps to keep them there, so it's a really great success story in that way. And equally for our allied health professionals.

You would recall Tasmania was very short on allied health professionals in physio, speech pathology and OT. We're also keeping those now they're starting to graduate in Tasmania, which is why we've seen a 10 per cent increase in the number of physios in Tasmania in the last few years, because they've stayed here. That ability to create local community workforces that are highly educated and as good as anywhere else in their communities is what we need the national model to support. Currently, of course, it's not designed to do that.

We've been much heartened by ATEC, who've paid a lot of attention to what we've been doing in Burnie. They see that as a real flagship for what you can do if you fund higher education properly in regions, to be able to achieve that kind of transformation. And if you think about the medical cohort, it changes the shape of that. The new medical cohort we've got has 20 per cent First Nations students. That is extraordinary in a profession where they're very underrepresented. We know that if you have a better representation you get better care for those

communities, so we are creating a very different profile of workforce by being able to do it, which will much better meet our regional needs.

Mr EDMUNDS - That was leading on to my next question. You ran us through the First Nations numbers, but what about the low SES data that you have? Do you have statistics or information that suggests the benefit of having both Launceston, but more probably without trying to stigmatise anyone, having a north-west campus that's available to low SES Tasmanians in particular?

Prof BLACK - I could give you the exact numbers, but the proportion of low SES students in the north-west is exceptionally high, because they're almost entirely local students. It really does reflect the population. And you would see in our different campuses that it does broadly reflect the total catchment. Now, Tasmania's total low SES, kind of bottom-quartile SES population is mid-40s, so, we're not at full parity yet, but we're very well on the way. And I think, really importantly, it's not just about parity; it's about success. For us, it's not just that you get people to university, it is that they succeed. And our low SES students succeed at almost the same rate as high SES students. We were one of the narrowest gaps in the nation between the success rates of those two groups. That's a great testament to the extraordinary quality of the kind of teaching staff and their commitment to our students, and of the support that gets wrapped around them. That only happens because it's a very deep, intentional choice to help every student succeed, whatever their background. Obviously, we aim to be at least at parity of success, but we are narrowing in on that, and our models to support clearly demonstrate we can close that gap.

Mr EDMUNDS - Just one last one on that. I can't find the stats, but when we had the PAC inquiry, you talked about how the split is actually is - is it more mainland students than Tasmanians at UTAS now, or about fifty-fifty? Is that right?

Prof BLACK - Two probably different ways of thinking about it, and I might turn to Kate to give you the exact numbers. Essentially, the way our kind of world works is Tasmanian students are overwhelmingly on-campus students, and then we get students from the mainland who come to Tasmania, and these days, by the way, that almost entirely nets out the number of young Tasmanians who leave, almost entirely nets it out. So, that's one cohort.

And then we have on the mainland a health kind of campus in Sydney, where, again, that is on campus. That deals with Nursing and with Pharmacy, and that's a very important program, and the ATEC were very affirmative of that program. They see us as a very important national health provider because of our ability to partner with healthcare systems. Then beyond that, you have postgraduate nursing students. They're a big cohort. They are an online cohort because they're doing that in the workplace. We're the largest national provider of postgraduate nursing education in the country. It's highly, highly valued. That, of course, does contribute to helping close this funding gap. And then we have online offerings which are largely for older students on the mainland, things like the work we do in dementia care, the work we do in sustainable living, and they are mainland students but they're online. So, they're very different profiles of students, depending on what they're doing.

Ms HUNTINGTON - I think maybe what you're referring to is that year 12 cohort that we talked about, and we talked about the interstate students coming to Tasmania. What we've seen over the last 10 years is a big increase in the number of interstate students coming to study at UTAS. That's sort of in line with the higher education market becoming a very much national

market. So, we've got almost exactly the same numbers of Tasmanians going to - year 12 leavers, going to the mainland, but we've had a 45 per cent increase in the number of interstate students coming to study with us here in Tasmania, which is fantastic.

Ms WEBB - We've more to ask on that one, but I'll pick up on something from the presentation. Thank you for that at the beginning. I know you moved through it quite quickly for us, so I appreciate that. Right at the end there, you were pointing to the reforms that are coming down the pipeline, which sounds positive and potentially quite optimistic, and you mentioned support being required. I'm wondering what support are you tangibly looking for from the state government on that front? And what are you being offered from the state government in terms of support to try to see that outcome come out in the positive way we hope?

Prof BLACK - We've had great support from the Minister for Education, who has been a terrific advocate for us. It's a very good relationship with the Commonwealth Minister for Education. She has been a tireless advocate for this, and the Premier as well. He has a very good grip of the picture, having been education minister himself, worked closely with us, so we feel very fortunate that we've had good advocacy.

But the more comprehensive from Tasmania, the better, and we know that you'll produce a report from this hearing. It would be very valuable. The more we have on record that the institutions of Tasmania see the funding reform as critical to the future of education in Tasmania, the better. That's all material we can actively point to through the reform process to highlight the depth of understanding and commitment that exists in Tasmania around these changes.

Ms WEBB - So, you're encouraging us as a committee to think about putting in a good word, essentially, towards the importance of those reforms and how we wish to see that outcome delivered also?

Prof BLACK - Yes. I think the clearer you put, in any report, the role you see the university playing and how you think the funding needs to support that, the better. Because hopefully in these pictures - and we're happy to provide any further information that you need, the more it's clear to the Commonwealth Government that it's understood across the nation how funding works for regional communities and what would need to change about it, the easier it is for all of our Commonwealth colleagues and Commonwealth parliamentary representatives to be making the case. You would have seen, with all of these higher education reform bills that have gone through, they've all been amended. They've all been amended in the Senate, and that has improved them. That's been the benefit of Commonwealth senators really being across a lot of detail in these areas and making valuable contributions to the reform agenda. So, the more we're informing that, I think, the better.

Ms HUNTINGTON - Can I add to that specifically: the ATEC puts out a national statement of priorities and consults state and territory governments on what their priorities are for the state. That will all become transparent and, obviously, as Rufus outlined, we've had the first year of that, which is we move into a four-year process next year. So, I think the clearer the state can be on what those priorities are for it in terms of a workforce perspective, in terms of what the state needs from our university, the better it will be for the whole community to understand the purpose of the university.

Ms WEBB - Sounds like you've got good support from the Premier and the minister. Are you working with the state's senators as well to be advocates for you actively in that space?

Ms HUNTINGTON – Absolutely, yes. We regularly speak to them about what we need. We've just talked there about the domestic landscape, but obviously the international student landscape, the migration policy debate, is also another.

Ms WEBB - Yep. I'm sure we'll talk a bit more about that. Can I go to my - ?

CHAIR - Are you going to a new area? Can I just ask one question before you go to the new area, just on courses. The New South Wales nursing course, I noticed that while it's good to have the students, the costs, I believe, are much higher with, obviously, overheads in Sydney. Can you give me an understanding of the benefits of the New South Wales nursing courses and maybe some numbers?

Prof BLACK - I don't think we have a separate breakdown of those numbers, but it is - and Ben can, in a second, speak to the financial significance of it.

CHAIR - Yes, just to have an understanding of those courses.

Prof BLACK - Those courses are very, from our perspective, they are - because we are able to do them at scale, they are courses where we do actually make money per student because they are done at large scale, that and Paramedicine. So, they are really critical to us. The other thing that they enable us to do is to have a bigger nursing teaching workforce, who do a fantastic job in developing nationally leading curricula. When you've got a bigger teaching workforce, you can invest even more in getting that curricular reform. They really have produced national-leading curricula. We've seen that in the postgraduate nursing space particularly, which is a huge national effort, and it's really high-quality. It's absolutely distinctive. That, again, comes because we're able to have a broader set of expertise.

The other thing that enables us to do, particularly at that postgraduate level, is we are able to educate for all the nursing specialties. If we were just educating in Tasmania, we would struggle to do that. But when you can do postgraduate nursing for all the specialties, then we can provide for Tasmania all the nursing specialties that you would need to be able to provide. So, sometimes having national scale is really valuable, and Nursing would be a particularly prime example of where that really benefits. It benefits Tasmania directly, the economics of it are attractive, so it benefits us in that respect as well.

The other thing is it creates national respect for us as a national health provider. We're seen as a really important, innovative contributor to the national health workforce. A lot of that's come from our ability to leverage the fact that we have to work in partnership with government here closely to provide a workforce. So, our whole approach to how we educate it is to work in partnership with healthcare providers. You know, we work with the major regional health authorities in New South Wales to meet their needs so that we are creating the workforce that's needed. Of course, in creating the workforce that's needed, you're creating the student who has the best opportunities because they are what our employers are looking for.

Ms WEBB - Do you want to ask for that data that you were interested in to be provided on notice?

CHAIR - Yes, I was just going to ask Ben. I'm happy for it to be provided on notice.

Mr ROSE - Yeah, but I don't have the specific numbers.

CHAIR -No, that's fine. It's just interesting, the different cohorts.

Ms WEBB - This is really just a couple of questions around the annual report in a general sense and the thinking behind the annual report so we understand the context for how you decide what that document is and what it does. Primarily I'm interested in who you see as the primary audience for that document and what its primary purpose is in terms of that audience. Then we can talk about how decisions are made about what goes into the document or doesn't go into the document.

Prof BLACK - Yeah, no, I'm happy to do that. The annual report comes as part of a suite of reporting we have to do to multiple entities to describe what we do. Clearly we're a university who's primarily funded and regulated by the Commonwealth, and now with the ATEC as the principal national reviewer of how the university is travelling in each year. We are also, of course, a statutory creature of the Tasmanian parliament. The annual report has traditionally filled the role of providing the financial information needed for the state to be able to understand the impact of the university on the state's own balance sheet, because we are, of course, a material entity in the state. It aims to provide that information for the purpose of the state understanding the university's financial position because it impacts the state, and to provide a broad overview so that it's possible to understand what the essential operations are that sit on top of that.

We do provide information in a range of other forums to the bodies according to the things which they govern us around. The ATEC is the primary one of that. Very importantly, going forward, the compacts that we agree with the ATEC will be public documents. They are documents, therefore, that I think provide a really important layer on top of this that describe exactly what the university is committed to, what, therefore, we've been accountable for to the Commonwealth. Much of the rest of what regulates us, of course, is again publicly reported.

What there isn't a forum to provide, which is why we felt the need for - and I appreciate the indulgence of the committee for the longer kind of report today. What there isn't a forum to do is to provide this more comprehensive understanding of how these policy settings that fundamentally determine university funding really work. That's not a traditional thing that you put in an annual report, and yet they're probably the single most important thing to understand to know why the finances are working. That's why we particularly welcome this opportunity, because it is actually a forum where we're able to put in the public domain, on the public record, that information that enables people to understand truly what the deeper drivers are of why it is the way it is.

Ms WATKINS - Perhaps I could just add that, from a council perspective, an annual report is a very important document and it's required under the act, and is tabled with parliament. It is a static document and it is out of date, effectively, by the time it lands. But nonetheless, it's an important opportunity, from a council perspective, to recap the main developments that have occurred during the year and the governance framework that sits above the management of the day-to-day management of the university.

It's something we reflected on in the LegCo recommendations around the opportunity to make our annual report more fulsome and offer greater transparency. We have sought, for example, in the governance section to provide a greater description of how we stack up against the best-practice requirements, which are fast evolving, and were overseen by the University Chancellors Council, but now are embedded into the higher education standards framework. But yeah, to try and provide greater transparency on governance and also to improve the explanation of our financial results. I think we can keep doing better on that front. But if you compare the annual report as it was, the financial section now includes a better narrative that seeks to give more transparency.

But I think, as Rufus said, it's important to realise the limitations of an annual report because it is a static document. Our overall goals around transparency and governance are best met through the comprehensive suite of publicly available information that we provide through the website, which can be readily updated.

Ms WEBB - Thank you. It's good to hear that described as your approach and, as you say, it's sort of 'how long's a piece of string?' and you can land anywhere. I'm interested in the principles applied to particularly deciding how much financial information to put into the annual report in that way and whether you're using it to guide compliance with audit standards as a sort of baseline decider of what to include or not to include. Do you have other criteria around transparency or accountability that you use to decide what goes in, in terms of detail, and what doesn't?

Ms WATKINS - From a council perspective, we have pushed the management team to really make sure that, to the best extent possible, the numbers are decipherable and also, as Ben described, reconcile them back to our core operations and try to make it possible for a reader to see what you might call an underlying result by taking out some of the items that bump around like capital receipts, investment, returns, and so forth. I think we've got a reasonable explanation of that but, hearing this conversation, I think another reflection for us is whether we could include a reconciliation back to the EBITDA number that we refer to. EBITDA is not a recognised number by auditors and it can be criticised on that basis, but actually our financials are not that complicated. They do have that noise, but EBITDA is a very straightforward concept and it's really that sort of core operational result minus depreciation. Is that a fair summary, Ben?

Mr ROSE - Yes.

Ms WATKINS - It's a proxy for cash and for us, cash is king, so I think that would be a useful one, then, for us to take away.

Mr ROSE - Yes, and I might add a couple of things. Within the financial statements, the financial part's made of the two sections. The financial statements themselves are fairly governed by the accounting standards and auditors, and we get some guidelines from the federal Department of Education around what they want to see in that part of it. So, that part is fairly rigid in terms of how we disclose them there. But in the financial overview section, we do have licence with the narrative to put in there what we think is useful to people. What we've tried to do over the last couple of years is continue to enhance that and expand the level of disclosure we've got in that section. Over the last few years, we've been increasing that and we plan on continuing to think about what the most relevant information is. And EBITDA certainly is one of the things we've been talking about internally since COVID.

Ms WEBB - It's certainly available to you to consider what information is useful for a reader of an annual report if they were seeking to understand the university's financial position in a comprehensive or clear way beyond just audit compliance information, which, of course, you put there as you need to do. Do you think that the annual report allows an ordinary reader to understand the university's earning capacity in terms of what's presented in it currently?

Mr ROSE - It's not a forward-looking document; it is a historical document. As to earnings capacity, we talk a little bit about the very near future, but it's not a document that talks about what is going to happen over the next period of time.

Ms WEBB - How about debt-servicing capacity? If I was an ordinary reader looking at this document, do you think that the numbers in there provide me with the opportunity to understand the university's debt-service capacity?

Mr ROSE - In the financial overview section, we have started disclosing some more metrics that talk to some of that, such as the debt-equity ratio, which doesn't necessarily talk to debt servicing but starts to go in that direction. Within the financial statements, it does highlight things like the borrowing costs, and you can see our cash flow statement and the overall movement. We don't specifically call it out.

Ms WEBB - Do you think, as an ordinary reader I would be able to understand the university's debt-service capacity reading this document?

Mr ROSE - It's not something we tried to address in the financial overview specifically.

Ms WEBB - What about things like the refinancing strategy of the university? There's key things in here that relate to the current situation and upcoming responsibilities in that direction. Do you think, as an ordinary reader, I can understand the university's refinancing strategy or approach reading the document?

Ms WATKINS - Perhaps I might just comment and then Ben might want to add to that. I think it's really important, and this is why I think the annual report is significant in emphasising the governance of the university and describing the governance framework that sits around the decision-making that goes to financing and the level of debt that we carry, the kinds of metrics that we hold management to account to and so forth. From a governance sense I think that a reader could be very confident that the council, overall, is very clear about its responsibility to make sure that the university is financially sustainable, and to set a risk appetite framework around a number of dimensions, but certainly including financial, that articulates what financial sustainability looks like and what metrics would be consistent with those. A reader of the financial statements would have, I think, a high level of confidence that the finance, risk and audit committee is regularly receiving updates on the university's projections and assessing continuously things like the debt coverage, repayment or refinancing of the bonds, debating strategies around how that will be approached, holding management to account, for example, to that progression back up towards the \$50 million to \$60 million EBITDA that is consistent with the maintenance of the Moody's rating that we hold at the moment, and also consistent with getting us to a point where we're confident on the refinancing of the bonds. So yes, I think -

Ms WEBB - Do you feel that what's presented in the report would give the reader confidence that those governance arrangements are in place and functioning as intended?

Ms WATKINS - I certainly hope so. I'm always cautious about projecting too many things into the future, as you heard. Our federal government -

Ms WEBB - There's a lot of moving parts for you to have to deal with.

Ms WATKINS - There's a lot of moving parts, so we have to be quite agile and adjust as we go. But I think a reader should take a lot of confidence from what's in the annual report and also contained on the website, with a lot of clarity around how governance around these matters works.

Mr EDMUNDS - I was going to come back to what we were talking about earlier around migration. It might be too early, but I'm interested if you've done any work on some of the proposed changes, not just from government, but obviously it's a big conversation about anywhere the dust settles in a couple of years' time and how that could affect the university, or if you have any comment on that?

Prof BLACK - I'm very happy to talk about that. You can see from our numbers how critical they are for maintaining regional universities. Let's just play the movie back a little. What we've seen is this government has tightened up access to Australia, and those migration settings have disproportionately negatively impacted regions. You saw those numbers about how that's played out. That is complex interplay between Chinese domestic policy of Chinese cities and Australian policy and the mechanisms by which it works, so if I can just indulge in a little explanation because it is really important to understand how this works.

How easy it is for a student to get their visa is dependent on the evidence level that they need to provide. We rate different countries with different evidence levels, so if you're in evidence level 1, which China is, it is relatively easy to get through. We also rate universities, so if you have a very good record of taking students, they stay, they complete their course successfully, they go home, you're evidence level 1. Chinese students have a very good pattern of coming, doing their course, going back, so universities with a lot of Chinese students tend to have a very high evidence level. What that enables you to do if you've got that kind of structure is you can then start to take students from lower evidence-level countries where your own level comes down a bit. You could take students where it can be harder to get through from, say, India. What that's done in our system is create this two-tier picture where if you're getting big loads of Chinese students, you can then take students from higher-risk countries in also big numbers without it disadvantaging your status. The reason for going into a little bit of detail on that is what that has meant is that regional universities are almost all necessarily evidence level 2 because we're taking them from higher-risk countries, not China. That means our -

Mr EDMUNDS - Because of the Group of Eight?

Prof BLACK - Because of the Group of Eight. The Group of Eight take them from China - and this is how complicated the policy can be, because certain Chinese cities where Chinese students would like to be give you extra residency rights if you go to a top 100 university but not otherwise, so that makes it highly attractive to those students to go to top 100 universities. Remember, of course, the top 100 is largely defined by scale, so the measures that lead to rankings are primarily volume-driven, so scale keeps rewarding scale. That has disadvantaged regional Australia for a very long time and government has sought to tip that policy over the years. And you saw the consequence when they tipped it towards Perth and the

Gold Coast. That framework is, in a sense, the essence of the challenge because when you drop the numbers overall, you're further limiting the ability of regional universities to get students through the pipeline, but you're only modestly limiting the ability of Group of Eight universities to get it through the pipeline.

Regarding the scale of the cuts that are proposed - and I have noted that at least some policies propose to retain them, I would observe that the current government's policies provide a realistic frame at least for regional universities. Our cap, the number we are provided for under the current Australian Government and proposed numbers, is a satisfactory number that would do our economics well.

Ms WEBB - The 2250?

Prof BLACK - Yes, that's a good number. That number would well support our economics. If we were able to get to that number - and that's new, that's intake, if we were able to commit to have those commencing students each year, that would be a satisfactory number.

We feel the government has paid attention to regional universities. I must say, the minister who has responsibility has been extremely responsive to us, very helpful. We couldn't really want for more, and that's really changed our relationship with the Department of Home Affairs. Again, we've built a very good and high-trust relationship. That has certainly assisted us greatly, and you would have seen some of the recovery of our international student numbers. So at least that proposal, if it continues into the future, is one that would work.

The difficulty remains not the basic number, but this system about how you get the visa approvals, and that's what causes the trouble. If we take the example of what happened earlier in the year, if you get some change that happens, you can very quickly end up in a tricky situation. We had one country that we took quite a lot of students from suddenly have its rejection rates increase very dramatically. That then creates quite a number of objections in our system, and because we have a small volume of international students, we can't wash that out, so that then limits our ability to get any more. A lot of the ability to make it work is in the more micro kind of management of the current system.

If we look to the future proposals, so long as we could maintain roughly the current numbers that the current government has, that would serve us okay. But just to reflect on what it would mean nationally, it would be a very troubling picture, because Australia has, as you can see in the picture, funded research in Australia through international students. That's the simple truth. If you were to cut the large research-intensive universities - and we sit not far outside that group, we're a very research-intensive university, but the big ones provide the bulk of the really critical R&D for the nation. That is largely funded by international students.

If you were to cut what would literally be thousands and thousands of them - and remember, Melbourne and Sydney have a sum of 40 per cent-plus international students, that's a phenomenally large amount of money which largely is serving our national interests very powerfully. If you were to cut that, not only would you cause thousands of job losses right across the higher education system; you would take vast amounts of research funding that the nation needs out of our system with no clear way in which you would alternatively fund it. In a service-intensive economy, which is a knowledge-intensive economy, to basically take out the engine of knowledge creation from the Australian economy and damage it that badly that quickly, I think would have generational consequences. We all know productivity is a major

challenge for the nation. The best driver of productivity is knowledge intensity and high skill. If you take out, in a very short period of time, right across the nation, that amount of capacity, it'll take more than a generation to recover from it. I think there's a real need for a lot more attention on the fact that this is the engine of national prosperity, and there are now proposals on the table to break it.

Mr EDMUNDS - Which I guess, in turn, goes back to what we were talking about earlier, puts at risk all those positive things for the Tasmanians we're trying to look after.

Ms WEBB - Just to come back to the 2250 commencing overseas students that we have been allocated, essentially, we're not meeting that number currently, but we're trying to meet it?

Prof BLACK - We are.

Ms WEBB - And our challenges are a range of things you've just mentioned. How, realistically, will we be meeting that number then in imminent years?

Prof BLACK - We're aiming - the first kind of climb on the hill is to get to about 1500.

Ms WEBB - So, we're just under that at the moment?

Prof BLACK - We're just under that at the moment. That's where we're working towards.

Ms WEBB - For next year?

Prof BLACK - For next year we're aiming for around 1500.

Ms WEBB - When do you think we get to 2250?

Prof BLACK - Well, probably if we looked at it, we'd be projecting out close to 2030-plus to be in that range. But it's so exquisitely dependent on some of these micro settings. Part of our challenge was this year, because there was a change in the rate at which students were coming through from just one single country that we take a reasonable number from, that really impeded our ability this year to go after that number harder because we really couldn't afford any visa rejections. Normally if you're going to take a little more, you take a slightly bigger pool, you get a few more rejections. When you can take virtually none, your pool shrinks to a very small size.

When you're down and recruiting at our kind of numbers - and, look, we use pretty sophisticated tools to do it. I think we do a really good job of it. We're one of the kind of early users of, effectively, an AI-like tool to be able to look at a student and say, 'We know from the profile of students, having had a lot, this is the kind of student who not only will get through but also remain with the university for two years'. Even deploying extremely sophisticated tools that, in lots of ways, would be sector-leading, we're still constrained. And it is in the micro of the policy, not in these macro settings. The macro settings are kind of nationally impactful, but they're fine for Tasmania. It is actually in how the real detail of some of this works that is constraining us at the moment. We could have gone higher, but we're held back.

Ms WEBB - It's tricky, isn't it, because we must be forgoing tens of millions of dollars, I would imagine, if not more. Do we know the quantum of money we're forgoing, given the shortfall behind what we're allocated?

Prof BLACK - You saw on that number where we were and where we are today. That is about a \$50 million gap.

Ms HUNTINGTON - May I just add as well, there's obviously the policy changes, but there's the effect that the ongoing policy changes has on confidence in Australia as a market. What we're hearing from our source countries, even those ones that the Australian government is encouraging us to recruit from, is a concern about the ongoing volatility in the policy settings. And that's also giving students concern about coming to Australia.

Ms WEBB - Have you identified any internal factors that are creating a different appetite for international students coming to UTAS?

Prof BLACK - No, I think what's been really satisfying is, because we've been very clear about our proposition to international students, we are building a really strong proposition around Tasmania as well as around the university. That's helping us in the current piece. People in the international student market are able to say that Tasmania is quite increasingly a different place. It's friendlier, it's more welcoming, it's safe. We've noticed that a lot of the work we've been doing to position both the quality of our programs and Tasmania as a special place have actually been helping us in these times.

If you talk to international students, I think the national debate is really harming Australia in Asia. I have the good fortune to talk significantly to people across Asia, and when you talk to those who are working with our students across Asia, it is really harming us. We are not being seen as the friendly, welcoming kind of partner that we need to be in Asia. What really is worrying is this is generational. If the younger generation - we remember the Colombo program generation who are still around and who are amazing. We have a number of them who are our alumni. Their commitment to long-term partnership with Australia is extraordinary because they saw Australia as a place that was a great partner to the region and supporting them. We are creating a generation who think Australia is becoming a closed, fearful, racist place. That is not the truth, but it is becoming who we are projecting ourselves to be and that's harming our international relations and probably will for a long run unless we turn this narrative around.

Mr HISCUTT - My question is turning back to the format of the annual plan, so if there's further questions on this topic, I'm happy to cede.

CHAIR - We can always go back.

Mr HISCUTT - Thank you. Following up from Meg's comment but more in relation to the performance side of it, not the financial side of it, does the university track any KPIs and do you think they should be in the annual reports so that the performance on them can be tracked across years?

Prof BLACK - We do have a suite of KPIs that council holds me to account for, which cascade down very directly to all of my direct reports, who are then accountable for them. They are carefully tracked; that is visible; council keeps me kind of accountable to them; Alison talks

to me about them as chancellor to vice-chancellor. So they are very much a substantial artefact. We do have them internally. Part of the government's reform recommendations were to ensure universities did have those very clearly. We do have them very clearly; they do cascade and a part of those governance reforms was to make sure there was clear accountability. That's why each of my direct reports have a set of KPIs that are very clear about things they are accountable for. We do have that mechanism very clearly, and they cover both our operational and strategic objectives. As a council we have both our operational measures and our longer-term strategic ones. The longer-term strategic ones we look at twice a year because they don't move lots and the operational ones we're looking at very regularly.

Ms WATKINS - I think it's a really good question, because as I look at the kind of metrics that we hold the management team and the vice-chancellor to account for, things like staff engagement, teaching quality, student satisfaction, research dollars, safety metrics, complaints, there's a whole bunch of them -

Ms WEBB - Is that part of the 12 institution-wide KPIs across teaching, research and financial performance?

Prof BLACK - They break down into a bigger set that kind of tree up to that.

Ms WATKINS - As I recall, you'll find them sprinkled around, some probably in the annual report, some of those numbers, some of them elsewhere in the other information we make public, but I think in line with the recent changes to the higher education standards framework and the recommendations of the expert council and university governance around improving the framework of accountability and transparency, it's an area that I'd like to take away and have a think about, so thank you for mentioning that.

Mr HISCUTT - Perhaps some of those more strategic ones, not so much the operational ones, could be made available so people can track where the university is heading. Thank you.

Ms WEBB - Are we able to get them? Are we able to get a copy or can you point us to where they are in the public domain so we can see those 12?

Ms WATKINS - Yes, we can follow up on that, certainly.

Ms WEBB - They're not readily available in the public domain somewhere you can point us to?

Ms WATKINS - I need to clarify. I think they are, but my guess is they're a bit bitsy and maybe not all of them.

CHAIR - We will take that as a question on notice so we have that recorded and sent to you. Thank you.

Mr GAFFNEY - If you are a university doing annual reports, do you have a look at other annual reports from other universities to see: 'Okay, there's an area that we have not addressed as well or we could improve or learn from that annual report?' And, if so, have you identified in your annual report areas that you think need strengthening for 2026 for the next annual report? I'm just wondering, because you're always trying to re-evaluate: is the information getting out into the community? What have you heard? What's the feedback? What

can we do to improve - so it's not the same next year if there have been issues raised? I'm just wondering, have you got a handle on what some of those issues might be?

Ms WATKINS - Well, I mean, from a council perspective, I think we'll be encouraging the team to do that exercise again, and we have done it, and I think if you went back and looked at our report from a few years ago and compared it to the one today, you would see some noticeable improvements. But we've discussed some of the areas today, such as the EBITDA, where I think we could do better. Different universities have different levels of transparency, I think, as a sort of a theme, I think it's about both what's included in the annual report and more broadly. The recent governance recommendations, and now embedded in the higher education standards framework, certainly emphasise the importance of transparency. And we were pleased to be ahead of the curve and, you know, in part prompted by the LegCo recommendations a few years ago on things like publishing our minutes, publishing the skills matrix, publishing the register of interests of council members and so forth. So, we've made some good steps, and when we benchmark ourselves against other universities, we are ahead in some areas. There's always more opportunity, though, so we definitely expect the team to hold themselves to account, not against the sort of minimum requirements, but against what we realistically think we can and should do, having regard to what our stakeholders expect of us.

Mr GAFFNEY - Okay, following on from that, Ben, you did mention one of the line items you spoke about was, I think it was 'Other expenses and consultancies', and that's quite a substantive number. We've had some feedback saying that that should probably be itemised better so that people can understand what that consultancy was, what that line item was, what that expense was, because I suppose if you're not doing that on a yearly basis, then you can't see where you're making improvements in efficiencies or whether that's been a successful program and you need to put more funding into it. So, could you just elaborate on your thinking with that?

Mr ROSE - I might say a couple of things, then then I'll pass to Kate. Or do you want to go first?

Ms HUNTINGTON - Yeah, I might just start. Just to follow on from a bit of what the Chancellor said, because of these changes to the Higher Education Standards Framework that commence from 1 January 2027, there are a range of things that we have to work through, as a university, to comply with those that do require greater transparency, and one of those is consultancy spend. So, as a result of these changes, I think you'll start to see a lot more consistency across university annual reports, because it was pretty clear from our conversation with the ATEC that they had very closely reviewed our annual report, so they will have these conversations with each university every year and expect to see a similar level of transparency from universities. So, I think that will happen as a result of those federal reforms. And one of the issues, obviously, with consultancy spend is having a degree of clarity about how we might break that down. So, we are hoping that TEQSA will issue a Guidance Note in relation to that reporting, by the time we come to complete the next annual report, so that we can have some sort of national consistency around that reporting.

Mr ROSE - Yeah, and if I can speak to the number I've got in there for this in the report at the moment: the professional advisory is what consultant expenditure sits within. The professional advisory actually is a much broader suite of things. So included in that are some very technical consulting things like engineering and lab analysis and things like that are included within that professional and advisory spend, some research-related contracting, and

even to things such as, you know, graphic designers and artists we engage are included within that as well. So, it is quite a broad suite. There are true consultants in that, and as Kate said, what we are really waiting for is some of the guidance. Like, if you look at some states, some have legislation that requires a more granular level of disclosure around consultants already. Some Queensland universities disclose quite a detailed list of their transactions. We're really waiting to see some of that consistency about what this sector wants to include, so we can actually have it on a consistent basis, rather than sort of chopping and changing.

Ms WEBB - It's interesting, isn't it, because it's sort of slightly disappointing to hear that you're waiting to seek help with what you're going to be required to be transparent about, rather than thinking about what we might like to -

Ms HUNTINGTON - We will absolutely be transparent - it's just it'll impact our ability to compare it with other education institutions if we don't have the same criteria.

Ms WEBB - Sure. At the moment, could we ask for a breakdown - maybe just across the last two years - of what's in those line items? Is that something you're happy to have, too? It could be just broken down to things that are above a reasonable amount. I think some other states it's \$10,000 or above or something that they report on. Is that something you could give us to have a look at so we can understand the scope?

Mr ROSE - That is hard, like, several hundred line items. But I have gone through the list and grouped it into sort of larger, like, categories, if you like, and we can provide you some of that detail, but we can provide that.

Ms HUNTINGTON - We have also looked at the Tasmanian government approach, too, so we could adopt that definition, it just will not be comparable necessarily with other jurisdictions.

Ms WEBB - That's okay. I think we're just more interested in better understanding what the detail is there for UTAS rather than – the comparisons are interesting.

Ms HUNTINGTON - Yeah, and Ben's procurement team have actually led a process with 20 other universities to start doing this work. It's just a matter of whether we can all agree, and then whether the government would like those categories as well.

Ms WEBB – Can I have another follow-up on that? Are there things that we would think of as consultancies, or those sorts of costs, do they occur in any other line items that we wouldn't necessarily expect, but they're embedded somewhere else as well, or are they all captured in the ones we just mentioned?

Mr ROSE - They should all be in that professional and advisory category is where the consultants should sit.

Ms WEBB - That would include, say, legal costs and things like that? That's all just in that line item?

Mr ROSE - Legal fees are part of that line item.

Ms WEBB - Not embedded anywhere else?

Mr ROSE - No.

CHAIR - If I could just ask a question: with regard to on-campus units, and I notice in the annual report, it's noted that:

The vast majority of Tasmanian students studying a bachelor's degree study on campus, 75 per cent are enrolled in at least one on-campus unit.

It's something that I hear from the community quite regularly - how many students are actually on campus? I know a lot of this happened during COVID, that people get used to doing it online. So, are you able to tell me, just what percentage of Tasmanian unit enrolments are on campus? If you can't, I'm happy to take the questions on notice, if you can't do it reasonably quickly. What percentage of interstate and international enrolments are on campus?

Prof BLACK - All international ones have to be on campus. That's a requirement of international students to kind of -

CHAIR - All the units?

Prof BLACK - They have to attend on campus. That's a requirement of being an international student. Essentially, what we offer in Tasmania is provided on campus, but we will often have an option where students can do it online as well. We've basically got three modes. You can come and do your course on campus - for a range of things that's the only option you've got. You can do it online, or you can do a hybrid. So, all those are options, and what we've observed post-COVID has been students increasingly returning to just the on-campus enrolment mode in Tasmania, and that's very welcome. We've seen a return onto our campuses this year. It's now kind of back at levels that are at or above our levels pre-COVID. It's been a very welcome return; we're very committed to being an on-campus university. Essentially, the pattern we have - which is why our numbers, when we go to the kind of online or on campus, can be a little hard to kind of see is - essentially, Tasmanians like to come onto campus, which is great, but our mainland offerings outside nursing and paramedicine are fundamentally online offerings by design. That's a big cohort of students, so it looks like a very large number. But, you know, even within Tasmania we have a good range of students who do choose to do it online because they're juggling. You know, we have a lot of students who are older, they are juggling kind of work and life, and that's really critical for them to be able to -

CHAIR - So, if I put a question on notice, you'll be able to give me the figures by campus?

Prof BLACK - Yes, we will.

CHAIR - Thank you very much.

Ms WEBB - Sorry, can I add more to that, too, in terms of data around that area. Do you mind if we put a series of questions seeking some data about that?

Prof BLACK - Absolutely.

CHAIR - We'll put it in detail and provide it for you, thank you.

Prof BLACK – but just for the framing, that's the different – so, one unit could be delivered in three different modes, just so you're kind of aware of that.

CHAIR - No, that's fine. It'd be good to know how the students are defined as well, the interstate and international.

Mr HISCUTT - I did have a new question, but I just have a follow on from that, if I could, first. Just regarding the 415 new interstate under-20s commencing students, just wondering if there's an idea of what sort of - just an anecdotal - what sort of courses they're coming to Tasmania to attend? Are they regularly on campus or off campus?

Prof BLACK - Yes, students who come from the mainland to - Bachelor of Marine and Antarctic Science is a major course, the conservation protected areas - again, distinctly Tasmanian courses. We also run a very substantial and successful clinical psychology program. It attracts significant students, because we actually have got a unique Tasmanian model by which we do that, which is how we have been able to scale up the number of psychologists in Tasmania, because we run very uniquely for universities. There's a couple of other examples, but we run at a very significant scale. We run our own psychology clinics so that we can create the placements that we previously were not able to have to actually get enough students through the pipeline and provide psychology services for Tasmania. That's therefore made it very attractive. While it's not like an IMAS offering, it is one of these distinctive kinds of pieces that attracts students here. Then you'll get them across a range of other things in smaller numbers.

Mr HISCUTT - That's useful to note.

Mr GAFFNEY - Just following on from that, Casey, if you don't mind; I'm just interested, have you identified other areas that UTAS could make its mark in? Like the Rural Clinical School is a wonderful example. What you've just outlined then was also a positive. So, is there something you'd like to tell us as a committee about other areas that you think there could be advantages and play in that space so that we could attract national and international students to Tasmania to get to our 2250 by 2030?

Prof BLACK - It's a terrific question, thank you. We've kind of got two angles on it. The one is the long-term angle we've been working at across the board, which is Tasmania as an attractive destination and the University of Tasmania as attractive. That is working in a number of areas. This is where embedding sustainability across our agenda makes it attractive for students where that's a values alignment. Areas like architecture, which is a terrific kind of course we offer, that's really become very significant. If you're an architecture student around the country and you want to genuinely do a degree that's got sustainability at the centre, that course is a terrific course to choose. So, we want both a Tasmania proposition, then there's a thematic proposition to do with what we're distinctively good at, and then there are the ones where you say in Tasmania we can do things that you can't do in other states.

An area that we've got a very strong focus on at the moment is science. You may be aware of my kind of publicly calling attention to the challenges that we've got in science education in Tasmania. So, this is where it will be really critical for the state's future. We have so few students now, and it's declining rapidly, doing the harder sciences - maths, physics, chemistry - in our schools that by the early 2030s we will struggle to have enough Tasmanian students to kind of fill a natural sciences degree. There is no way in the timeframe available to turn that around in our schools. We need to turn it around our schools. We're committed to

turning it around, but we are not the primary driver of that change. So, unless we can attract interstate students into our natural sciences programs, we will go well below, way below our kind of economic scale.

We have a great deal of work going on at the moment to say: how do we reform our natural sciences offering - traditionally a Bachelor of Science? In order to do that - now, this is a national issue, so your regional universities around the country are all facing the same thing as science education collapses in our schools, and we need to turn that around. We are working at the moment to say, okay, with our science degrees, a number of them - one that does attract people, sort of buried in there, is a Bachelor of Geospatial Science. That team have done an incredible job leveraging Tasmania, which is an incredible place to do geospatial sciences, and the genius that they've done with that is they have embedded surveying within that. Now, if we were just trying to do surveying, we wouldn't be educating surveyors in Tasmania anymore, but because they've kind of come up with a creative way to leverage Tasmania to do that, we're attracting numbers. We need to do that kind of model across our natural sciences. Some, you know, there's a lot to offer - we have an incredible Earth Sciences team, the team at CODES (Tertiary Education Quality and Standards Agency) do incredible, globally important work. They already do good field work kind of trips. So, some of it is about how do we package that to make it more visible. Some of it is about taking the really good work that we're seeing in somewhere like our sciences or geospatial science and make it more broadly available. It will be critical for Tasmania's entire science future, the ability to pull that off, because the numbers are so worrying to us about what's happening in science education in schools.

Mr GAFFNEY - My supplementary before I go back to Casey, then. Does it concern you then - and you may or may not want to comment on this - when the government announces funding cuts across a whole range of things that is going to impact on our science community and the standing that has within our community, if we are so bent on making it broader? Have you got any link with the government to discuss some of those issues?

Prof BLACK - Which issues particularly?

Mr GAFFNEY - Well, perhaps the funding cuts to TMAG and how that's going to impact on our herbarium and research science and whatever, and so what's happening now, on one hand, we're saying 'We need to do this' - I know that you have a good relationship with the government, that's perfectly fine - but on the other hand, can you have any input into some of the decision-making they make which will impact negatively on our science community?

Prof BLACK - Look, I've been very public on this. I think you may even have attended the Science Meets Parliament gathering where, in front of as many people as we could, I was super clear that this was a priority for all of us as a total community to go after this. It is so serious, there's no single entity that can fix this. We as a total community need to be advocating for science. I've been very clear that whether it is government, whether it's community, we need to be very actively - and that was in front of many members of the government - very clear. We need to be advancing that in every way we can.

Ms WEBB - You may just want to have in your back pocket that we are hearing from science institutions from all over the globe about high levels of concern about the cuts proposed here. I imagine that filters back through into students coming up through your institution.

Prof BLACK - We're very clear that it should be a strength; science should be a strength. It is a strength of Tasmania.

Ms WEBB - It should remain one.

Prof BLACK - It should remain one and become a bigger one, and the economic payoff - this is again where I think nationally we've got to get our focus back on the fact we are a high knowledge, high skills, intensive economy, you want to be building that. Science and engineering are really at the core of that. When you do even the basic maths of what you get from a science educated population in terms of kind of your economic prosperity, it's enormous.

If you think about the countries that are competitive in our region, they have big science education commitments. If you look across Singapore, Taiwan, Japan, South Korea, these are countries, deeply committed, countries with similar or greater levels of prosperity to our own now who built these huge science engineering workforces. That's because they back them from school, they support them, and while science education has been falling in many countries, those countries with quite different education systems have all shown that there are ways in which you can make this work. We believe this is an absolutely fixable problem, but we've got to embrace it as a community. If we send messages that are not supportive of kids doing maths and science, if that's generally not the aspiration, then we really make it hard.

Mr GAFFNEY - Thank you. I appreciate you've taken this forum because there'll be people listening out there as part of the arts and science communities that want to hear that from the university.

Prof BLACK - We are loud and clear.

Mr GAFFNEY - I'm really pleased that you mentioned when you spoke to parliament about that here recently that that was very loud and clear. I just hope that that has some flow-on effects to those who are decision-makers.

Prof BLACK - Yes, well let's put some numbers in the record. In 2025, chemistry had 436 students, physics had 273 students, all maths methods specialist maths combined had 818 students. That is out of the year 11/12 population of about 12,000. This is a crisis in our underlying capacity as a society to face the future. That's why I have now for a number of years been trying to put this squarely on the public table and no one entity, as I say, can fix it.

Let's remember there are other things that worry me just as much. If you take all level three languages in schools, Chinese, French, German, Italian and Japanese, total number of students studying it: 112.

Now, we are a nation that has to engage with Asia. It is critical to our future. Indonesia, which we have been able to work with the Indonesian government to hold onto in our university, will be an enormous economic power by mid-century. It's already really significant and yet Indonesian language teaching essentially, other than some earlier secondary, has died. That is a picture of a nation disengaging from its economic future, from its future in the region, from its future in science and technology. We're trying to create a narrative that is about a return to a past that we can never return to. There's a real need - and that's what the university is here for. We are the engine of Tasmania's economic future. We will create the workforces, the skills,

the knowledge that gives this state the best chance it has of creating an equitable, accessible, prosperous future. That, at the very centre of our university strategy, is what we're here for.

CHAIR - Thank you. Just one question before we go to a break - and Mr Hiscutt, we will come straight back to you after the break. There's no consideration at all of dropping any of the mathematics courses?

Prof BLACK - No, we want to grow our mathematics courses. We may well evolve them to ensure that we can grow them. We want more people doing maths, not less. We want it to be a more generally developed skill. It's foundational to science. If you can't do maths, it is very hard to do science. We are incredible believers in math, physics, chemistry, biology. That standard needs to be high, consistent and growing.

CHAIR - Thank you very much.

The committee suspended from 10.52 a.m. to 11.15 a.m.

CHAIR - Before the break, we were just going to Mr Hiscutt for his line of questioning.

Mr HISCUTT - Thank you very much, Chair. Look, I just wanted to change the topic a little bit and come back to - and thank you very much for the presentation that you provided at the start. There's a lot of useful information there. I just wanted to talk about the restricted and unrestricted funds, particularly the restricted funds and a significant increase in two particular projects: Integrated Marine Observing System and Australian Forest and Wood Innovations. This may be a question of ignorance, but are they public or private investments that make up the majority of those restricted funds or those particular examples? Where does it come from, those parts of the restricted funds?

Mr ROSE - Public funds. They are both funded through grants, and they are both entities that I'd describe as being hosted by the university. They have significant amounts of funding that come in every year. Then effectively we partner with other universities across the country to actually deliver various research programs under those, but they are publicly funded institutions.

Mr HISCUTT - That's obviously an income and an outgo within each financial year, or is it kept on? On the other side of that with the philanthropic funds, is there any interest associated with that, and how does that get apportioned?

Mr ROSE - The funds for both IMOS and AFWI can carry over from year to year. AFWI in particular is one that has a life that's going to extend for a few years. We've received, I think it was said \$60 million, we've got it holding there at the moment and that'll take several years to allocate those funds out, so it is something where there is an ongoing program.

Interest-wise, yes, the philanthropic funds, they attract our investment. We pool our funds into an overall investment portfolio, so we get scale and can maximise those returns. Our philanthropic funds basically get the rate of return that we earn. If we earn a 10 per cent return, our philanthropic funds get a 10 per cent return, effectively, on the funds that they invest.

The research side, the restricted side, is pretty much dictated by the grant terms and conditions that apply. Some grants get some interest applied. We don't apply the investment

return, because they are only temporary funds, whereas the investment return is a long-term investment. For some research grants we apply a cash rate, effectively a bank account rate. For others they get no return, it depends on the terms of the grant.

Mr HISCUTT - When that says, say, move from \$16 million to \$63 million, that may have been unspent from that \$16 million that's included in that \$63 million, or is it per year you have \$16 million in 2023 and \$63 million in 2025 - or is it cumulative?

Mr ROSE - It theoretically could be cumulative. But they're not annual amounts. They come in chunky figures. The \$16 million I think would have been spent by now. I don't know that specifically, but theoretically it could be part of the \$63 million. It depends on the timing of the spend versus when we receive the funds.

Mr HISCUTT - It's not each year you receive that; it's in this year we had this much?

Mr ROSE - Yes, we received this much in total to date, and that's what's left to spend.

Mr HISCUTT - No worries at all. Obviously, a significant reduction in the unrestricted funds - and you did speak about this earlier, but you're confident with the looming repayments and things like that, that you have enough unrestricted funds or strategies in place to deal with that significant reduction?

Mr ROSE - Yes, we have drawn down on those unrestricted funds over the last few years, like I spoke to you before, to complete the capital program. I'm comfortable with the level of funds we have at the moment. Council have set a threshold, and we disclose that in the financial overview section of a \$30 million minimum. That very much is a minimum - I'd like to think that we don't approach that figure. That would be a low number for us to start heading towards that \$30 million. What it means from a refinancing or the green bond - when we were before the Public Accounts Committee in 2024, we said we were going to have to refinance a significant proportion of the green bond, and that is still effectively the position that we're in.

Mr HISCUTT - I guess the crux of the issue is, is there an end in sight? You can't live on borrowings forever. Is there an end in sight in that or is there a strategy to reach an end point? When do you see that coming to fruition?

Mr ROSE - It is a long-term borrowing that we have. The first tranche is due in 2032, the second tranche is due in 2042. It is a long-term borrowing that we're carrying. I don't have a repayment timeline in mind, it will depend very much on the on the financial position of the university and the policy reforms that we're looking to try and achieve so that we can actually start building up those cash reserves and things like that. I don't have a specific data that we're aiming for.

Ms WATKINS - I'd add from a governance point of view, council is not uncomfortable with us carrying some debt as long as it's a manageable amount of debt. It's quite a sensible financing strategy that's allowed us to particularly invest in the standard of facilities and the student experience that we can offer in the south. However, council very much, and particularly through the Finance, Risk and Audit Committee, pays attention to that trajectory of improving the cash surplus that we have each year and making sure that we are well prepared and looking at a variety of ways that we might approach either a repayment in part, a refinancing through the bond market, and our credit rating is a very attractive one. We don't anticipate that that

would be an issue, and the latest Moody's opinion reinforces that. Alternatively, there are other financing arrangements that we could consider as well. But we're very comfortable, and I know that Ben will work closely with the state Treasury to make sure that they're comfortable and well informed around our intentions on that front as well.

Ms WEBB - On that, you are looking at a range of opportunities leading into that first tranche repayment that's due in 2032, which isn't that far down the track. At this stage, do you have a plan in place, a repayment plan in place, that means you'll be able to be paying that back at that stage, or are you anticipating refinancing it? If you do, is that through TASCORP?

Ms WATKINS - We look at a range of options. We've discussed and we have a financial adviser who also advises other universities, and as you saw it's certainly not uncommon for universities to carry some debt. We've got a range of options that we're actively considering. As I say, that could include some partial repayment. I think it's likely that we would need to refinance and that that would be a sensible thing to do, at least to refinance some component of that. The interest cost is quite manageable. I guess we'll see what happens with interest rates and bond yields going forward and there are other options that we could consider as well. We'll just keep that as sort of an active consideration.

We have a 10-year what we call strategic financial plan that projects how our cashflows will evolve based on the level of capital programs that we've got, the EBITDA or cash earnings that we're projecting to generate. Obviously, these things move around, but it's always subject to the parameters that council have put to management that we expect to manage within. Then obviously we have that external scrutiny from the ratings agencies, which also inform our judgment on these things.

Ms WEBB - Are you considering as part of those options, sale and leaseback arrangements or asset sales as options for dealing with that first tranche?

Ms WATKINS - We haven't explicitly, but those could be - I would want to, from a council perspective, I think we would expect to see that as one of the potential options and we would need to weigh it up against the other options.

Mr GAFFNEY - I have to add this is not an area that I'm really comfortable in, so I'm going to stick to the questions, and if you can't answer them, I'm quite happy to provide the question later for further - so talking about key metrics and sustainability. The key metrics table reports about \$355 million worth of borrowings?

Prof BLACK - Yes.

Mr GAFFNEY - This excludes the PBSA and the GORTO liability, even though Moody's includes it in its assessment of total debt. Why does UTAS use a different definition of debt from its credit rating agency?

Mr ROSE - Yes, so - it's going to get a bit technical here for a second.

Mr GAFFNEY - That's fine.

Mr ROSE - The PBSA transaction really is a really good news story for the university - the student accommodation transaction. So, under the accounting standards, that's

what's called a service concession asset, so effectively, we capitalise that as an asset, and what has happened, we've forward-sold the rents for a portion of our student accommodation to a provider who has paid us the money upfront. They then get what's called a right to operate those assets, which is the GORTO liability. One of the really attractive aspects of the arrangement that we have is that we're one of the few student accommodation - and there are quite a few different arrangements like this around the country and, indeed, around the world - that don't have a student accommodation guarantee as part of that. Often in these agreements you'll see that there's a guarantee that says someone buys the forward rents and the university basically guarantees - and I'll make a number up - a 90 per cent occupancy for that accommodation. We are fortunate that we don't have that within our arrangement. So that means that the counterparty is taking all the risk around future rental tenancies, the refinancing, the financing of the actual buildings - they're taking all of that risk. So, we don't actually bear any of that going forward. So, we don't consider it a debt-like balance. It is a liability, and we recognise it as a GORTO liability, but we don't consider it part of debt because of that distinction.

Ms WEBB - But Moody's does.

Mr ROSE - Moody's, in their total adjusted debt measure they do. They have a blanket around PBSA; they don't make a distinction between the guarantee and not the guarantee, and the way they can consider it, they basically apply a blanket methodology across all student accommodation arrangements, whereas we actually think ours is slightly different in that way.

Mr GAFFNEY – Okay. The gearing ratio includes statutory funds within equity. Given that these funds are legally restricted and generally unavailable for operations, debt service or capital works, why are they included in the equity base used for UTAS gearing calculations?

Mr ROSE - Really for comparability and consistency purposes, is the way we do it, so we can compare ourselves to other universities. It's a measure that - the debt-to-equity ratio is one that we can draw and compare against other universities and the other entities as well. So, it's just really for consistency and comparability.

Mr GAFFNEY – So, other universities would use that same sort of approach?

Mr ROSE - Yes.

Mr GAFFNEY - Much of UTAS's equity consists of capital grants, revaluation reserves and restricted funds rather than deployable capital. Why does UTAS regard a debt-to-equity ratio as a meaningful measure of sustainability for a public purpose institution?

Mr ROSE - It's one of the measures, and it's the one that was selected, I guess, at the time when we did raise the debt. And it is still a measure of the financial capacity, notwithstanding some of the challenges or the inclusions that you raise there. So again, it's more about it being a standard industry measure and so we've complied with what is a common metric, and that's what we're measuring to.

Mr GAFFNEY - You would use that one going forward as well?

Mr ROSE - As one of them, but we do have the other things around that cash and unrestricted balances, and there are a couple other metrics that we haven't disclosed, not for

any particular reason, really just because of a list of how many things we can include in the financial disclosures that Moody's have their specific measures that they measure our performance on. And we track those and they pick things up like EBITDA margins and debt-service ratios and things are included in some of the other metrics that we've really just not included in the disclosure just from want of information.

Mr GAFFNEY - So if you get feedback from Moody's about certain aspects of the annual report, how do you deal with that concern that they might raise, or that issue? Is that something you'd discuss across the range? I'd just be interested to see how you do that.

Mr ROSE – We usually have a couple of conversations a year with Moody's. They do an official review around the middle of the year, is when they normally do their official annual review, based on our previous year's annual report once that's tabled. They've got, I'll say, about half a dozen metrics that they quantitatively measure our financial performance on, and then there are some qualitative measures as well. Then we take that to council, or more particularly our Finance, Audit and Risk committee, is where that discussion normally happens. They will provide us particularly the ones they're concerned about. You know, what they see going forward, where they think there are concerns, and we'll have that conversation at a governance level. That'll somewhat guide some of our planning about what sort of targets that we need to set and the targets that council, indeed, set us around either the EBITDA trajectory. Those financial margins, that's somewhat informed, not controlled or anything like that, but informed by that Moody's feedback.

Mr GAFFNEY –Okay, so Moody's give feedback. Do they give advice?

Mr ROSE - No.

Mr GAFFNEY - Just feedback about issues, okay.

Mr ROSE - Yeah.

Mr GAFFNEY - If the PBSA and GORTO were included in debt and statutory funds excluded for the purpose of assessing deployable capital, what would UTAS's gearing ratio be?

Mr ROSE - I couldn't answer that off the top of my head.

Mr GAFFNEY - Okay. So, that's one we can forward to you?

Mr ROSE -Yes.

Mr GAFFNEY - The liquidity metric includes a \$50 million undrawn overdraft facility, which you mentioned, I think. Why is an unused borrowing facility included within liquidity when it's not cash and not an asset?

Mr ROSE - Because it could be cash. We've got the two lines in there. One of them is just that cash and unrestricted investments, I think it's the \$112 million in the annual report. The other one includes the overdraft facility there as a potentially available funding source that we've got that we could draw upon if liquidity required it. It wouldn't be something that we'd look to draw on on a permanent basis, but it's something, if we meet some timing around

cashflows - because our cashflows are quite lumpy - and things got particularly tight, we could draw on that facility if we chose to.

Mr GAFFNEY - But you haven't used that in the past?

Mr ROSE – No. We haven't needed to. We've managed our cash so we haven't needed to draw on that. So, yes, there is in reserve, effectively.

Mr GAFFNEY - You might've just explained this one, but the key metric table reports \$112 million of unrestricted funds, but does not explain that unrestricted cash and investments have fallen from approximately \$530 million in 2022. Why is this significant decline not highlighted?

Mr ROSE - I guess I've addressed that a little bit in some of the slides earlier, but why it wasn't included? I guess it wasn't, um – just wasn't something we thought about including - the actual history of that balance over time was not something we considered including in the annual report.

Mr GAFFNEY - You don't think it's significant enough?

Mr ROSE - We've talked about it in the last time we appeared for the Public Accounts Committee. I talked about it with staff, all staff drop-ins when we have those. It's just not something included in there just because it didn't, fit the -

Mr GAFFNEY - Should it be included in the annual report? Like, if you're reporting to the wider community and the people reading it?

Mr ROSE - We disclose the balance of where we sit currently, and so, you know, the idea is that we disclose that balance going forward each year, and we'll have that number in there. So, I guess it'll be a, one, this is the balance for 2025, and we'll disclose it again for year-on-year-on-year. So, from now on it will be in there as a pattern. It's just we didn't go back historically and say 'from a particular point in time'.

Mr GAFFNEY - Okay, and if there was a decrease, you would explain why that was going to happen?

Mr ROSE – Yes. We would talk to it each year as the movements happen.

Ms WEBB - Just to clarify, you did speak to this earlier in your presentation, I think, to some extent. Is it the green bonds influx back in 2022 that boosted the number at that stage?

Mr ROSE – The number up to that bigger number. But previously \$250-ish is where it sat.

Ms WEBB - So we're still sitting at half of what the number was before that.

Mr ROSE - Yes.

Ms WEBB - That's a pretty significant difference - an explanation for that?

Mr ROSE - Well, really that's because, from an operating side of things, you know, we've been losing money so we haven't been contributing any cash, if you like, to the campus program. We've been drawing on our reserves to effectively fund the completion of the campus programs we've been running over the last three years.

Ms WEBB - So, we've been depleting our cash and unrestricted available finances?

Mr ROSE - Yes.

Mr GAFFNEY - You have touched on this one a little bit, but the table omits EBITDA and debt service coverage and refinancing measures. Why are these widely used sustainability metrics absent?

Mr ROSE - EBITDA wasn't included prominently because there's no set definition of EBITDA. It's not governed by accounting standards. It is something that management can sort of choose to define. So, there is a little bit about comparability and consistency is one of the reasons we didn't include it. I think I can say that we will be including more information on EBITDA in this year's annual report. That is something, based on the feedback, that we definitely intend on doing. It was just omitted because it didn't fit in with the – or there was no standard definition that were included so we just didn't include it in that report. The debt service coverage ratio: again, it's one that we do have in our broader list of KPIs and just wasn't chosen to include.

Mr GAFFNEY - Refinancing measures?

Mr ROSE - Refinancing, I think it's a bit early to talk in a formal document around refinancing. Alison spoke to that. We're starting some of these conversations. You know, it is still six years away, but we are starting those conversations in a more formal way. But I don't think the annual report, until we actually make a decision, I don't think it's the appropriate place to discuss that.

Mr GAFFNEY - My last question - it says UTAS has previously advised parliamentary inquiries that it needs approximately \$50 million to \$60 million of EBITDA annually to service interest and fund capital expenditure.

Why is this benchmark not disclosed alongside the university's actual performance?

Mr ROSE - I think as we start to disclose what our current year EBITDA is, that's what I intend to do this year, I think we would include where do we want to be over a period of time, what are we aiming to is certainly part of the conversation. Again, largely the annual report is a backwards looking document. We don't necessarily put in projections about where we expect to be in the next few years.

Mr EDMUNDS - You obviously referred to when you came in for Public Accounts. That inquiry or that report is about 90 pages and had two recommendations:

R1. Through the relevant parliamentary committees, Parliament undertake regular scrutiny of UTAS's financial performance, and

R2. Recognising the need of regional universities, the Tasmanian Government advocates on behalf of UTAS to the Australian Government to:

- a. provide stable and equitable per-student funding, and
- b. clarify and influence international student policy settings, advocating for quotas and migration policy settings.

To follow up on those recommendations, I would be interested in your thoughts. We might start with R2 - or perhaps we could have probably even said the Tasmanian government and parliament advocate, however, obviously governments have a direct line to each other. I'm interested in your feedback and how A and B are tracking. I think you've made some comments earlier, but just to tie a bow on that, if that's okay.

Prof BLACK - On B, that is where I did comment before we have really appreciated the steady advocacy of the Tasmanian government, but also of senators. We really appreciate the work that a number of Labor Tasmanian senators did to help achieve genuine migration rules changes. They've been really helpful. Very appreciative, very active work by them which did see all of Tasmania brought within the same migration region as the north and the north-west. That's definitely been for post-study work rights and that has definitely been a very positive contribution.

It's hard to get a better outcome than that, in a sense, to be able to kind of restore some of Tasmania's advantage. That was an achievable policy change. Great local advocacy saw that delivered. I think that's been strong and we're really at the point in the journey now where the biggest reforms - which are to the per student funding, that's where we really need that continued support around it. The Education minister is a really good advocate for Tasmania's higher education system with the federal minister, and we appreciate that.

Mr EDMUNDS - To R1, obviously we've got you in here, but it was sort of generated out of us, do you think it would be best -

Ms WEBB - Actually our inquiry recommended parliamentary scrutiny as well.

Mr EDMUNDS - Yes, I wasn't part of that one. Obviously other members of that committee can raise issues from that. I'm interested, do you think we're at a point - and I've certainly got a personal view about this - where some form of set-in-place ongoing scrutiny might be better than, I don't want to say ad hoc, but inquiries that can sort of come from any direction.

Prof BLACK - I think a properly regularised process would be very appropriate. I think when you do that, it would be very good to reflect the fact that the university sits in a national framework where there is an accountable Commonwealth agency in the ATEC who have overall responsibility for direction and funding. I think from a Tasmanian perspective, you would want to be building a comprehensive picture of what enables the university to do what it does for Tasmania.

I think it is a good moment to take a step and say how do we make this a properly regularised process. Given that we are not like a GBE and our funding does intersect as we've highlighted today, it's fundamentally set, as are our objectives, set by the Commonwealth, as

is our regulatory structure, set by TEQSA and other bodies. They are the bodies that I think you probably, if you're forming a Tasmanian view, it's important how we design it, that those perspectives are available to you. They're the ones where we have a whole set of very substantial statutory accountabilities to.

Mr EDMUNDS - Just to change, back to sort of some of the stuff we're talking about student retention and wellbeing, TUSA and the food security program prospectus. Obviously there's other factors like the cost of living generally and the cost of housing, work insecurity, et cetera, but the prospectus says:

Food insecurity has unfortunately become an everyday part of student life.
Students skip meals, reduce nutrition, or go hungry to afford rent or transport.
For many this is ongoing, not occasional.

Then they have data. In 2024, 53 per cent of UTAS students experienced food insecurity and nearly one in three experienced severe food insecurity. They go on:

Behind those numbers are students who study for and sit exams hungry, skip social events because they can't afford to attend, rely on instant noodles for weeks at a time, and -

Most concerningly, even though those three are very concerning:

- seriously consider dropping out, or do drop out, because they can't make their budget work.

To that, what substantive supports have the university provided to support food insecurity among students? And will the university be in a financial and political position to financially contribute to efforts to reduce the impact of food insecurity on students' wellbeing and nutrition?

Ms HUNTINGTON - I might take that question. Thanks for that because it is a really important question. We've worked really closely with TUSA, and we commend TUSA on the leadership they've shown in the food security space. They've done a fantastic job with their food hubs. They have five of them around the state and we've sort of partnered with them at every step of the way. We provided initially \$100,000 for the establishment through the post-COVID staff giving program; we've established donation connection points across the campuses and have now introduced another voluntary pre-tax staff giving supplement, the university funding for food assistance and hardship support. The food hub runs out of university facilities. We've also got a separate partnership and university accommodation with Second Bite, providing over 15 tonnes of food so far this year, which is a 100 per cent increase on last year. We have also supported TUSA along the way as they've received grants through the Tasmanian Community Hub and the Tasmanian government's Healthy Tasmania Fund. I think it's been great to see the community come together to support what TUSA are doing there.

The next phase is to work with them on establishing a coordinated and sustainable delivery mode. There have been some moves. Obviously, they've consolidated into the city. As well as moving their location on Sandy Bay, they also have a presence at our other campuses. What we want to do is look to a sustainable model of delivery. There's been some changes again at the federal level to ensure that 40 per cent of the Student Services and Amenities Fund

is going to TUSA. We're working through that process more broadly as to where those funds go, both the portion that the university spends, but also that TUSA spends. And we want to make sure that they're set up to do this because, obviously, it came up a bit out of COVID, the Food Hub initiative, and we want to make sure that it's set up to succeed over the future. Part of that is their staffing model. They've chosen not to go with the voluntary support model. It is staffed by personnel that TUSA employ. They are an independent organisation. It's an ongoing piece of work with TUSA as to how we ensure that it's sustainable over the long term.

Ms WEBB - Just to drop back for a minute to follow on from the questions that Mr Gaffney was asking around the key metrics table about financial sustainability from the annual report, I want to be clear about where the decision sat for what to include in that table and the rationale for including those things but not other things, for example. Was it a decision of the council to include those metrics in particular? Where did that sit?

Ms WATKINS - Council certainly pays attention to quite a range of metrics, and we overview the production of the annual report, and felt that those were a good selection of metrics. Certainly, as Ben said, it's not a comprehensive set and it's not intended to be. So, we're very happy to review those and consider others that we could include. As Ben said, it's important to make sure that ratios need to be meaningful and comparable. Often it's also about the trends as well, which to Mr Gaffney's point, we could probably do a better job of displaying and explaining some of those trends. I think I'll take that one back to council and particularly to the finance, risk and audit committee, and make sure we really challenge our thinking and challenge the team on that.

Ms WEBB - Thank you. I wanted to ask a bit more about the restricted and unrestricted investments, and the restatement from 2024 that occurred in that space, just so we tease out that and get a full explanation, if we can, on the record here. Why was the 2024 restricted figure revised from the \$177.1 million to \$334.4 million? Can you give us the specific funds or restriction accounts that accounts for that \$157 million-odd difference?

Mr ROSE - Yes. It was a change in definition as to what we wanted to include in that line. Previously, we had that little one line of disclosure at the bottom of the financial assets note with the specific statutory funds that are included in equity. The way our restricted funds are split - and this gets back to the way AASB15, which is an accounting standard, talks about matching of restricted revenues with restricted expenses and things like that, is that we have a portion that sit in statutory funds and a portion that sit in what's called contract liabilities within the balance sheet. If you add both those two things together, there are some timing differences and things, but broadly that lines up overall with what we now call our restricted funds. When we look internally, we add both of those two numbers together, the statutory funds and our contract liabilities.

When we were looking at the disclosure in the annual report and in that financial assets note we talked about, there was \$177 million in the previous year. That was the statutory funding number. Holistically, we think the more useful number is actually the addition of both of those two together, which is effectively the \$330-odd million that we changed that number to. That truly represents the research grants and the things we hold that are held for a specific purpose and effectively aren't available for us to spend on whatever we choose. So, we've expanded that disclosure to make it actually more relevant.

Ms WEBB - Given that you then showed a corrected sort of arrangement for 2024, but then we can't look back and see corrected arrangements for the years prior to that, which presumably were under the old definition or the old inclusions -

Mr ROSE - Yes.

Ms WEBB - we can't necessarily now see a clear sort of picture across into the way we currently now find things?

Mr ROSE - Not from the public document. Broadly, the slide that I presented in the presentation does give you that history, but it's not in the annual report.

Ms WEBB - It's not in the annual report, so any reader of the annual report trying to understand what this is about and then be able to look back to understand what that means for the way things had been presented previously, and what we might have inferred about the financial position of UTAS previously, is now quite different. It's quite a dramatically different change. In the material you've given us today, given that we've only glanced at it as we whizzed through it, have you provided that clearly now in that material into the public domain by providing it to us today, and we can see the new definition applied back?

Mr ROSE - We haven't got to exactly what we want to include in the annual report for the 2026 year yet and how we disclose, potentially, some of that information. We haven't actually had a conversation about that, but it is -

Ms WEBB - What I was asking was in the information you already provided to us today in your presentation earlier, have you reapplied the new definition and the new split back on previous years prior to 2024 so that we can now see the full progression under the new definition?

Mr ROSE - Yes.

Ms WEBB - So that's now in the public domain?

Mr ROSE - Yes.

Ms WEBB - Thank you. On the same sort of topic around that, what was the purpose for redefining? Was it just because it was felt to be more accurate? Was there an error picked up? Was it to meet a different requirement from an external source that this occurred?

Mr ROSE - It was to be more useful for the readers for exactly the reasons you're really talking to. Was it an error? It was technically correct in the way it was disclosed in terms as described as the statutory funds and that lined up with the equity note, but I don't think it was the most useful number, which is why we've changed the disclosure to better inform readers.

Ms WEBB - At what stage, then, was the council briefed on the new way of presenting it? I'm assuming that for financial information that went to council for various decisions over previous years about capital investment or whatever it might be, the council would have been working off information being provided to them and this sort of split would have been quite an important piece of information. So, was council working off that previous definition and perhaps getting a picture that wasn't as useful as it may have been?

Mr ROSE - In the 10-year funding model, I'll call it the new definition is the way it's always been applied. It's always had the holistic view of restricted funds. From a final decision-making point of view, we look at that 10-year funding model and future cash flows, inflows and outflows, and in that we include the total balance of restricted and statutory funds. We don't draw the distinction from an internal management making point of view about the disclosures, whether it's in equity or liabilities. We don't have that level of detail. Council had the full picture, the bigger number.

Ms WEBB - The council were getting a financial picture that was different to what was being presented in the annual reports?

Mr ROSE - Again, it's a forward-looking basis. Council were getting the full picture of where we expected our unrestricted funds. We don't necessarily talk about the restricted funds in any detail. It's actually the unrestricted portion that is the focus of the conversation.

Ms WEBB - But obviously the change that's been made changes both amounts.

Prof BLACK - I think the important point of clarification between annual reports and internal reporting, we will use a very wide range of different metrics or ways in which we look at the numbers to illuminate different aspects of what we're trying to solve and what we're trying to solve for. From that array of tools you're using in making strategic financial decision-making, the annual report has a strong statutory base to it, so that's the kind of base. And that's for good reason: so that they are comparable across different kinds of entities. That's why the accounting standards are the way they are. They aren't necessarily the best way of understanding, for any particular strategic question, how you should be thinking about the finances of a university. I think it is to be expected, indeed, almost required that internally you would be choosing the set of metrics that best help you understand that strategic choice.

You're publicly reporting for comparability what's required. I think the conversation today is, in addition to what you should be reporting to ensure you've got comparability across entities, what other information would be useful in order for people to see how the university might be viewing it. Certainly, I think you're hearing a great openness to say if there are particular perspectives of the Tasmanian community that you would like to see reporting so that they could understand it better, just as internally we have ways we look at it to understand it the best way we can to make sound, well-governed judgements. I think we're very open to that feedback.

Ms WEBB - I'm just trying to get a picture of the information that's been available in the public domain through the public reporting in your annual report and then information that would be presented to council about unrestricted funds and liquidity. Basically, that what's available for council to consider when it's looking at opportunities for further capital investment or where decisions might be, and whether the council had that information in a way that was more accurately reflective of what funds were available unrestricted, compared to what the public had available to them being reported in the annual report. It sounds like those are two different things.

Ms WATKINS - I think you're making a really useful point, which is the annual report has traditionally the accounts, the audited accounts signed off by the Auditor-General. And, as I mentioned, we have made some steps to add a little bit more narrative explaining the inclusion of some of those ratios. But I think this conversation suggests that we can we can go back and

challenge ourselves to make sure that they are as useful as possible. In any organisation, it's very common the management accounts and the way you look and analyse information, depending on the decision, can be very specific to the particular decision or context you're making, and they can be not immediately reconcilable with the audited financial accounts, which depend on the vagary of accounting standards and a whole lot of things that we need to comply with. So, I think it's a good challenge. We need to take that back and think about how we can continue that journey of making sure this document is a useful one for our readers.

Ms WEBB - Thank you. I appreciate you saying that and clearly having a receptivity to that. When Moody's was making its most recent assessment for the credit rating to give to UTAS, did it have a clear picture then, or in terms of information given to Moody's, do they have clarity around restricted versus unrestricted in this more accurate way that we now have as a definition presented in the annual report, compared to the way it was previously presented? Or would they have seen it presented the way it previously was presented?

Mr ROSE - Certainly, in the most recent discussion with Moody's, they would have -

Ms WEBB - When they did the rating?

Mr ROSE - Back originally in 2022, or most recently?

Ms WEBB - The most recent credit rating.

Mr ROSE - Yes, they had the accurate information in the most recent credit rating.

Ms WEBB - They had clarity in what was given to them around restricted versus unrestricted and, therefore, what was available?

Mr ROSE - Yes.

Ms WEBB - Thank you.

CHAIR - I'm happy to ask a couple of questions off the topic if others aren't ready at the moment, to do with the maritime college, and it probably goes back a little bit with regard to overseas students. Are you able to give me an indication of the number of overseas students at the maritime college? Has it dropped off or increased? Obviously there is another college in Australia that is in competition.

Prof BLACK - We'll need to take it on notice to give you the exact numbers, but the profile of students at the maritime college has evolved significantly over time. The maritime college originally played a very large role in training seafarers to actually do the ship driving, if you like. And that was a time when there was not the same quality of education for that around the world. There is now and has been for quite some time. That large number of international students - we were training the ship drivers of this part of the world, really, has changed very dramatically over 20 or 30 years, so that now the focus of the maritime college are really the engineering disciplines and naval architecture, the high-end parts of what is now the maritime world, and, of course, some of the logistics and management of all of that part of the supply chain.

That picture has changed and the mix of international students reduced significantly over time. And COVID certainly did that further. So, part of what we've been working on is building up a larger cohort of marine engineers for Australia. This is a national shortage. We've got a national shortage of maritime engineers for Australia and there's a global shortage of naval architects. It's not just international students. That's growing, which is really healthy.

CHAIR - It always was quite a large cohort, wasn't it?

Prof BLACK - Yes, it was when it was the ship drivers. The engineers is a balance of Australian - and we need Australians. To be clear, for Australia's industry and defence needs we need a significant number of such people. Part of that is we've taken it on very much as a national challenge. The maritime college is a national institution. The team has done a fabulous job developing a degree structure that enables students who've done non-maritime engineering to effectively be 'marinised'. They do two years in a university in another part of the country and then they do a little bit of extra online material to cover some of the maritime requirements, and then they come and do the next two years with us so they can become a fully qualified maritime engineer. It's a really important initiative to try to build a national workforce of the sufficient scale that we need in order to meet both.

When offshore wind start to grow more dramatically, the demand for maritime engineers for that is huge. It's been a very long-term challenge for any offshore structures that Australia has had to maintain, big demand. And, of course, continuous naval shipbuilding and submarine programs require significant numbers of maritime engineers and naval architects. Our focus is on the delivering the national agenda.

We're working, for example, at the moment on maintaining a really strong regional focus. We've been working with India and we're currently working with Indonesia to strengthen those partnerships. Again, this is about building, this is part of the kind of deeper fabric of regional collaboration. Indeed, we had the Indian High Commissioner here just yesterday talking about the centrality of maritime engineering for both our nations, critical seafaring capability and how we work together in that space. We've also engaged significantly with the Indonesian government in this space about how we build up the quality of maritime engineers and the numbers we need in our region. That's as we transition from a world of ship drivers to a world of maritime engineers and architects, and solve a national and, to some degree, our strategic partners' needs in this space.

CHAIR - Does this lead into the *Bluefin*? Was the *Bluefin* more to do with ship drivers?

Prof BLACK - *Bluefin* was more do with ship drivers, yes.

CHAIR - I'm advised that it has caused a loss of quality of education. I'm wondering are you looking to replace it or do you feel there's no need now with the direction the maritime college is taking?

Prof BLACK - No, I think you'll find people will have differing views. There is no doubt the *Bluefin* provided a fantastic student experience. There's nothing like being able to do that. But in terms of education, my advice is that there has been no loss of the actual educational gain - certainly a loss of signature experience, but no loss of educational gain in the new models by which those skills are required. What it does point to, though - and this is again probably something that's a bigger conversation really important for the committee to be aware of, AMC

has very substantial capital requirements. The university was now a generation ago asked to take AMC on to provide that national need. It has some of the most expensive infrastructure that we have anywhere in the university. It has its towing tank, cavitation tunnel, collision laboratory, model test basin - really high-end, very expensive kit, and it does have facilities. It used to have the *Bluefin*. It has other ships.

CHAIR - Well, the *Stephen Brown*.

Prof BLACK - And we have the *Stephen Brown*, which is a real problem.

CHAIR - Was supposed to be going in January, I believe and now it is another three years.

Prof BLACK - Well, we will continue to use it for another three years, and this is again because government doesn't fund the replacement of the capital. The *Stephen Brown* provided training for both the use of - and I'll tell you a little bit where that's heading, training about the management of engines and also flood control. We don't get funded for the replacement of an extremely capital-heavy set of programs that supports a very modest number of students. That is a topic that we are going to need to engage with government on as a separate critical topic, because if we want that as a national facility, meeting national needs, it really needs national capital funding. We're appreciative of Defence, given that Defence has been very good about supporting a modest investment that's helped keep some of those pieces upgraded. But the total need is very substantial and it does need renewing over the next 10 to 20 years, well beyond what a university like ours would be currently funded to do. We're not funded for that, so we do need a separate conversation with that.

In the near term, we are looking to do innovative things. We are having a very good conversation with TAFE at the moment, and this is kind of joined-up system, to see if we can share TAFE facilities to bring our engines into their engine facility so we can actually share. TAFE have been fantastic. They're really good to work with in Launceston. We haven't finalised that, but that's the kind of exploration where we can bring those -

CHAIR - You would take the engines out of the *Stephen Brown*?

Prof BLACK - Take the engines out of the *Stephen Brown*, bring them to - TAFE has a great facility for doing much smaller engines in Launceston, where they train mechanical engineers; to bring them into that facility so that we can have a full suite from a small diesel to a diesel that might drive a ship. But also the next generation of engines which, of course, are going to be electric engines, which Tasmania is world-leading in. So that the engineers are training on all of those engines, bringing them basically into - because the *Stephen Brown* is just a shell where we can sit the engines.

CHAIR - It's a shell, though, that I believe was supposed to be moved. So, how is that working, the fact that if it's going to be longer?

Prof BLACK - It doesn't need to be moved. It's just reached the end of -

CHAIR - A commitment was made, I believe, to be moved.

Prof BLACK - It was really part of decommissioning it because it's at the end of its life. It not straightforward. It's a major decommissioning program.

CHAIR - It's still safe to use?

Prof BLACK - Still safe to use.

CHAIR - It's been resurveyed?

Prof BLACK - It's been thoroughly checked out for the safety of its use for the next two to three years. It does provide a kind of breakwater facility there. There are some important kind of community dimensions to the end of the *Stephen Brown's* life. But it's well beyond - it's time for, it has been for a while, to move out. But AMC hasn't had a solution to that. The fact that they still didn't have a solution is why they've extended the time in the *Stephen Brown* in order to develop it. But as I say, as part of creating a more joined-up higher education system, we have looked to say, 'What can we do jointly with TAFE?'. And it does create, which we would, again, exciting to explore with TAFE, what are the opportunities for doing joint work here, given we're going to have a full suite of engines that our maritime, those training in our world, can also be engaging with their world and vice versa. We think it will produce a significantly better outcome and the flood control facilities are a much more contained facility which you can build in a different setting, and that will work fine.

CHAIR - So, AMC Search, as opposed to VET students, I'm being told that the VET courses, being basically a short course with up-front payments, tend to be taking preference to the AMC Search. Can you advise me with regard to the VET courses being put forward by the AMC?

Prof BLACK - Yeah, the AMC has national obligations to provide a series of courses for the maritime community in Australia, which are primarily those VET courses. That is a primary obligation that AMC needs to -

CHAIR - And it's taken seriously? Because the comment I'm getting is that the VET are the poor cousins at the bottom of the heap, work very hard but are considered short courses. What comment would you make to that?

Prof BLACK - I actually really disagree with that.

CHAIR - That's good to hear.

Prof BLACK - No, I really disagree with that. I've actually done two of those VET courses. I've done our sea safety course and I've done our long-range radio operator's certificate just earlier in the year.

CHAIR - Because you're going to sea?

Prof BLACK - No, I didn't get to go to sea, but I learnt how to fight fires, how to manage if you have to evacuate a ship. I'm a keen mariner, to be clear on why I would do that.

CHAIR - You could do that ship-steering course?

Prof BLACK - I could do. In fact, once I retire that's not necessarily off the agenda. I know these courses because I've actually done them. They're taught by terrific staff who do a great job. We value them greatly. I personally know how valuable they are. I'm sorry we have clearly a staff member or two who don't feel that, but I can assure you that at a leadership level of the university, we really value them. We value the fact that we have a VET capability that does a great job. Institutionally, we care about them, they're terrific and just because it's a VET course doesn't mean we care about it any less. In fact -

CHAIR - Good to have that on the record.

Prof BLACK - Good to have it on the record and good to have it on the record that I have personally experienced what a good job they do, and I think we have great staff and I value them personally a lot. And I'm safer going to sea because of it, and if you're on a sinking ship, I will be able to use the radio to get you help.

Mr GAFFNEY - I'm just going to ask four or five questions on the franking issue. I know franking credits are a controversial issue currently at a federal level, too. UTAS is a tax-exempt institution, so why was a \$22 million franking credit receivable recognised as an asset, and what assumptions supported that decision?

Mr ROSE - The franking credit receivable arose from a couple of transactions, and I'll step back and go through the whole sort of journey to get to there so people understand. Education Australia was an entity that was set up by universities decades ago, and all universities had a share in that entity. In turn, Education Australia set up what's called IDP, which is an international recruitment agent. All those universities contributed an amount of money to actually set up that entity in the first place. Fast forward decades later, and the value of that investment increased enormously.

All the universities, post-COVID in particular, were looking to try and put more money into the bank account and, really, for some of the reasons we've spoken about today, were looking to liquidate that investment. So there was quite an exercise that was undertaken to find a way of exiting our IDP investments and selling the shares. A series of transactions happened. As part of that, there were significant dividends that were paid from IDP over time to Education Australia and that generated franking credits in the hands of the company. As part of the transfer of those shares to the universities in order for us to be able to sell them, that's where we were effectively recognised the franking credit receivable as our share; as one of the owners of the entity, we get the franking credit flow through to us. So, we recognised it at that point in time, as most universities did, in year one.

Since then, the ATO officially rejected the franking credit claim at the start of 2025. It's quite a technical area and one that I struggle to understand, to be honest, but there's a lot of lawyers looking at it. And all universities in Australia are in this same position as far as that goes. It's all to do with ownership of the shares at the point the dividend is paid, and whether the ultimate owner, being the universities, have the right to receive those franking credits is the point that's being debated. That's due to go later this month before the Federal Court for a hearing, so we should have, hopefully, some news shortly. But we derecognised it from the accounts in 2025 on the basis that the ATO had officially rejected the claim for the franking credits at that point in time. Since then it's been going through the court case. Now we recognise it as what's called a contingent asset; so, it's contingent on the outcome of the court case.

Mr GAFFNEY - So, all universities in Australia would have franking credits as part of their annual report or recognise that?

Mr ROSE - They would have at a point over the last four or five years, they would have all referenced it at those points. Stepping back for a second, we're actually lucky. I think we did better than anybody in terms of how we exited that transaction, the actual sale of the IDP shares themselves. The selling of that company, we set up what they call a collar and we sold those shares for about \$33 a share. That share price is now about \$3. We managed to get out at the right time and actually generated about \$60 million worth of profit and income for the university.

Mr GAFFNEY - When it's shown as a line item under impairment assets, should there be a greater explanation of what that is?

Mr ROSE - There's a reasonable explanation in the accounts. I think under one of those it does talk a little bit to why it's been derecognised and the fact that it is going through the courts, and that there are two universities that are acting as test cases as part of that court system. Wollongong and Federation universities are the ones representing, I guess, the rest of us in that court case and I think that's all disclosed.

Mr GAFFNEY - Have you got any thoughts on how this is going to play out in speaking with those other people?

Mr ROSE - We're told we have a strong position. Like I said, I can't speculate really. It is a very technical position. It is a matter of the judge that decides and which way it falls, but we're told legally we have a strong position.

Ms WEBB - Can I go to another area if that's all right? I'm looking at note 22 in the annual report, around key management personnel disclosures. I'm sure it's not going to surprise you that I'll go to a set of questions in this area because I think there's matters in the public domain around it already. Note 22 uses both 'termination benefits' and 'separation payment in accordance with contractual obligations' as terminology. Perhaps we can start with what's the difference between those two and which of them applied to Craig Barling when he exited UTAS, which you can see from here, he's done during the period?

Mr ROSE - I'll respond to part of that, if you like. The terminations versus separation: the termination in the context of that table really refers to end of employment arrangement. It's not referring to an employee being terminated as such; it is just referring to end of employment arrangements. There is no particular distinction there.

Ms WEBB - Again, are you distinguishing that from 'separation payment in accordance with contractual obligations', which is the other terminology used?

Mr ROSE - I'm saying that they are interchangeable.

Ms WEBB - The total separation payment in the case of Craig Barling, is that a figure that's represented in the finances presented in the annual report? Are we able to infer that?

Ms WATKINS - No, we can't disclose any of those kinds of details. You'd understand the privacy issues. We can't make that link at all. I think it's important, as Ben said, to realise

that that was in accordance with contractual entitlements. The amount that was paid is recorded there.

Ms WEBB - In terms of the termination benefits, or separation payment in accordance with contractual obligations, the interchangeable terms we're talking about here, do either of those apply in situations of resignation and in situations of someone being terminated equally? Or are they only available in one circumstance or the other?

Ms WATKINS - It depends on the specifics of the contract, but I think in general terms, yes, it could be either.

Ms WEBB - So somebody could be terminated but still be paid out, potentially, a significant amount under a termination benefit or a separation payment in accordance with contractual obligations?

Ms WATKINS - It would depend on the nature of the termination and also the nature of the contract and the entitlements under the contract.

Ms WEBB - Is it usual for senior management personnel to have a contract which provides for, in the case of them being terminated from their role, a significant payout of the contract? Is that a usual circumstance?

Ms WATKINS - No, no, it's not. It's certainly something that, under our remuneration framework and standard contract, we now arrange, I think we have around a four-month notice that works either way. The general arrangement under our senior executive contracts would be that an employee could give four months' notice or the university could give four months' notice. That would be the standard.

Ms WEBB - In the case of if you were terminating the employment of somebody early in their contract, that's what you would need to do, provide four months' notice?

Ms WATKINS - That would be the standard term under our current contracts.

Ms WEBB - If you wanted them to finish immediately, you would then be paying out the four months? Would that be the way that would be dealt with typically? Presumably, if you're terminating someone's employment?

Ms WATKINS - These are very case by case. I can't really say a typical - but yes, under that scenario, yes, that's right.

Ms WEBB - It wouldn't be standard, then, for senior management, under their contracts, to have a facility for there to be - if they were being terminated from their employment, and presumably that's for, we can imagine, disciplinary reasons or potentially failure to do the role, or potentially quite problematic reasons you might want to terminate someone. In those circumstances, are we still looking at, potentially, a significant payout than, potentially, a four-month period payout for that person?

Ms WATKINS - It depends on the circumstances. It's really difficult to generalise.

Prof BLACK - There are other clauses in the contract that could be used if there was serious misconduct. There is a full range of options available at the end of a senior management contract.

Ms WEBB - There's obviously been public and media commentary around Mr Barling, and I appreciate you may not want to speak about that in detail, but broadly speaking it has been said by both UTAS and Mr Barling that he resigned. Is that something you can confirm for us today, that he resigned from his role?

Ms WATKINS - I can only confirm what's been said publicly.

Ms WEBB - And UTAS has said publicly that he resigned.

Ms WATKINS - Yes.

Ms WEBB - Thank you.

CHAIR - How does the university define exactly what a senior executive is? Do any academic staff perform senior executive duties or functions?

Prof BLACK - Yes, they do. We have a framework that establishes which roles are - we have a carefully structured remuneration framework which is based to use the Mercer methodology that evaluates the shape, scope and nature of roles that, for anybody playing that set of roles, frames up how their remuneration is approached. That is governed very carefully by our council and remuneration committee. That sets it. And yes, there could well be people who may have an academic role who are in that. Of course, we could have some academics who are not. There's a kind of point where people could possibly be in either world. Generally, senior leaders of the university sit within that framework.

CHAIR - How do you manage conflicts of interest within academic staff performing senior executive duties?

Prof BLACK - The normal conflict of interest rules apply whatever role somebody has.

Ms WEBB - Across 2024 and 2025, how many senior executives did the university employ on contracts that were outside of your general staff agreement? What's the quantum there across those couple of years?

Prof BLACK - We would probably need to take that on notice.

Ms WEBB - Okay. My understanding is that when it comes to pay increases for those senior staff who sit outside the staff agreement, there's a 1 per cent pay increase cap applied. Is that a correct, my understanding?

Mr ROSE - Yeah, the 1 per cent applies to the very senior executive, the UET, university executive team members. And then it's 1.7 per cent for the next level down, and then 2.5, I think, for the rest of the senior management group.

Ms WEBB - When I put a question through on notice asking about the number of positions in that, can I ask for it to be broken down for me across those categories, if that's all right?

Mr ROSE - Mhm.

Ms WEBB - Thank you. Linking back to the questions I was asking before, in terms of separation payments of one sort or another, whether with termination benefits or paying out of contractual obligations, across senior executives across recent years, is there documented anywhere in the public domain clearly the quantum of those sorts of end-of-contract payouts and what that might be across these years? Is that documented somewhere for us so we could understand what that was, for roles that have been ended and payouts that have been made?

Mr ROSE - Only to the extent that they would appear within the previous annual reports, so it's only within that very - if there were any. I can't -

Ms WEBB - The annual report, though, doesn't capture everybody in those senior ranks, does it?

Mr ROSE - No, that's only the top half-a-dozen.

Ms WEBB - That very top level that you mentioned before, the UET, I think you called it?

Prof BLACK - You might explain how we govern all of that?

Ms WATKINS - Yeah. I mean, I want to answer your question, though.

Ms WEBB - I would like an explanation, potentially a brief explanation, but I'm mostly interested to see where would we have a sense, in terms of being able to factor it into consideration of financial accountability, of payouts made to people in senior roles in those categories, and how that tracks across years?

Ms WATKINS - I'm not sure that it's reported or broken out publicly. I can assure you, though, that council, in our regular due diligence and compliance reporting, we see a breakdown of any of those kinds of payments, so we do have visibility of it. And, you know, there's certainly, depending on what's going on, obviously we've had a small number of redundancies, so those would give rise to some payments. Otherwise, they're fairly much the exception.

Ms WEBB - Is that information that we could seek - obviously not broken down into individuals - we don't want to see who got paid what, but in terms of understanding, across those bands of senior executives, what the total amounts that were paid in payouts because positions ended or people were brought to a close in their roles, across the recent years? If I ask for that as a question on notice, is that able to be provided?

Prof BLACK - We need to take legal advice on that.

Ms WEBB - I'm not asking for individuals to be identified or individual amounts to be identified.

Prof BLACK - I just don't want to commit to something where there may be - I just want to take legal advice. I'm very happy to take the question forward. If we can move forward, absolutely.

Ms WEBB - I'll put the question through, then. If you're not able - if you have legal advice that says there's a barrier to providing it, will you provide that to us as an explanation?

Prof BLACK - It would probably just be to do with the form. We'll absolutely - I appreciate the importance of the transparency on the issue, so the principle is certainly agreed. The question is really what's the appropriate mechanism to do it and what, if any [inaudible 12.23.53]. I don't know how public reporting would work in that area. So, I think we would just need to take good advice, and happy to share that advice with you, obviously, so the parameters of that can be well understood. Look, it may be a topic of interest in the sector more generally, so we may also take some soundings around -

Ms WEBB - Remuneration of senior executives is obviously quite topical nationally in the tertiary education sector. I would imagine that what I'm asking for is not individualised information; it's just broadly how we would understand UTAS to have been paying out senior executive roles of various sorts across recent years as a combined quantum, at the very least.

Prof BLACK - I agree. Just because of the nature of how those work, I'd just like to take advice so we can do that in a responsible way.

Ms WEBB - Great. We'll put it through and we'll see where we get to.

Mr GAFFNEY - I'm going to ask the question because there are people out there that have contacted us and want these questions asked. They recognise that the report contains very little useful information about UTAS's big projects, from the city relocation project to the current \$500 million STEM plan, which has not attracted federal or state funding. The report is completely silent on what damage UTAS's finances sustained from the waste of hundreds of millions on its failed real estate and city development plans. That's the comment. This is an opportunity for you to say where that is shown in the annual report, the impact of that decision-making process that hasn't eventuated. Or what's the update on the STEM project?

Prof BLACK - I think probably if we go back to the part of that importance of providing that larger overview of how do the university's finances work, and the fact that we have been consistently, over 15 or more years, renewing our facilities, of which the renewal of - and you would see that there are multiple, from MSP and Salamanca, the university has been renewing its facilities for some considerable time, of which the latest investments are on a continuity with that. It was a point made where the decision about the framing of where we would do that said we'll keep the STEM facilities in Sandy Bay while we continue to renew.

Just as MSP, art school, across generations the university has utilised the full city. That's not a new thing, and, really, we're continuing in that model. STEM at Sandy Bay, I mean, I think we're very clear that STEM on Sandy Bay is something that does require external funding to be able to do, for all the reasons we outlined. Particularly since the Commonwealth stopped giving capital grants for facilities, was a recognition that universities weren't funded for capital renewal. But when that stopped and was not replaced, then we have to continue to make the argument - and you heard me passionately about STEM earlier, that ensuring we're able to sustain really good-quality STEM education in Tasmania matters. It will be dependent, as in a

sense all capital funding for universities ultimately is, on the funding framework that we have to operate in. We continue to maintain and look after the core Sandy Bay campus to ensure that, for as long as it takes to find a form of funding, we can continue to provide as high-quality science education as we possibly can.

Mr GAFFNEY - Thank you. Is there a connection between that project and the amount of money spent on consultancies that haven't been highlighted or broken down in the annual report?

Prof BLACK - Well, the consultancies, some would be picked up in this period, the economic business case associated with that is in the Consultancy -

Mr ROSE - It'd be in the professional and advisory number, the STEM business case that was done in the last year or two.

Prof BLACK – In '24?

Mr ROSE – Yeah.

Ms WEBB - On that, are we now fairly sure we're not receiving Commonwealth funding for the STEM refurbishment? Where's the clarity on that?

Prof BLACK - The Commonwealth has never made a commitment of any kind to it.

Ms WEBB – No. We've always been interested that they might. And have you got clarity now?

Prof BLACK – Well, they still might. It's still an ask. We continue to maintain it as a quality ask. That's why I continue to advocate for the importance of STEM for Australia, for Tasmania. You heard my advocacy here in the parliament very recently, and we'll continue to do that because it is just so important.

Ms WEBB - I was surprised not to see any mention of that in the annual report, given it was a significant matter of discussion and, as you've said, such an important thing for our state.

Prof BLACK - Yes, well, I guess it goes to the purpose of the annual report, and this conversation has been a really good one. I think we'll take away some good thinking about what - given we report in lots of different forms, what I'm sensing from some of the questions here is, how do you consolidate that in a useful place where perhaps some of the other things that we would report elsewhere can come together? What we will think about, though, is we've also got the reporting to the ATEC, which is fundamental to the university, and it may be that there's a combined piece that says 'here's the' - because the thing that will most govern our next year's annual report and beyond that will be the compact. It may be that the kind of useful structure that we end up having is: here is the compact that the university has to deliver what Tasmania and the nation needs; here are the metrics associated with it; here's our commentary on the operational tasks to fulfil that; and then here's the commentary on the financial piece to fulfil that. I can see this is a pretty good moment for having this conversation because the basic publicly disclosed frameworks for what guides the university are literally about to change with the completion of the compact. So, I think it's a great opportunity for us to take feedback of what would be helpful and build a new model.

Ms WEBB – Indeed, and this is timely. You have a new structure coming through. However, given that when I was asking earlier about how you see the purpose of the annual report, what was pointed to then is primarily it's meeting a statutory obligation here at a state level. It's required under the act. The audience, therefore, is to the parliament and, through the parliament, to the people of Tasmania as well. The main interaction the parliament had with the university during 2025, the period of the annual report, was around the STEM precinct. Or a significant interaction we had was around the STEM precinct matters on the Sandy Bay campus, including arrangements to do with the bill and the land above Churchill Ave. Given that, I am surprised that it hasn't been mentioned or no explanation provided in the annual report. I wondered whether that was a distinct decision made?

Ms HUNTINGTON - Because it wasn't actually resolved in 2025, I think it would be reasonable to see it in the 2026 report.

Ms WEBB - Sure, but it was a significant area of activity, wasn't it?

Prof BLACK - There's nothing intentional in it.

Ms WEBB - I will take you at face value on that.

Prof BLACK - Truly nothing intentional to it. I hope you sense that our very openness to - because this has been a really useful conversation today, thank you, around how we can - there were a series of questions from slightly different angles than we've had in these sorts of settings. What I would be very inclined to do is just to say, please do give us some kind of feedback of what would be genuinely useful. We'll also talk to the ATEC and get feedback what will be useful to them so we can build a kind of report that meets - we're very committed to the right approach to transparency, and there's nothing better than understanding what's helpful to people in order to do that. So, we'll just work with what's helpful.

Mr GAFFNEY - I think, from my point of view, in 20 years' time, if somebody wants to read back and go back to what was the main issues or what were the main concerns in 2025 with the university, here's their financials and these were the main issues that were on the table. It seems as though STEM and that potential to get funding or whatever, was one of the issues. But if you read this report in 20 years' time, would you pick that up? I think that's something that needs to be considered because initially, early on, it was for the financials, and it was also to reflect to the community what's happening at the university, whether it's international students not coming or - I think from the feedback we've been receiving, there needs to be some mention of the things that are most important to Tasmanians who support the UTAS.

Prof BLACK - We're very happy to do that. I mean, we're on a journey to work out what – you know, from an old model about how the world worked, where there were statutory accounts, the Auditor-General looked at them, they were tabled in the parliament, to a world where, not unhappily, there is a great deal more interest in the university, interest in how it works. I appreciate, as appropriate, some of that comes with criticism. But on the other hand, it's a great opportunity for us to more fully set out for people who - you know, I welcome the interest because, as you've seen with the policy issues, these are things that we really would value all Tasmanians knowing about. We're equally happy with the transparency and accountability around those pieces, so we'll build out a report, but welcome the feedback.

Mr HISCUTT - In relation to risk management, knowing that you have a risk management committee looking into that, are you able to tell us what the one or two highest items on that risk register are? Is that something that we can be told: what are the highest risks facing the university?

Prof BLACK - Our highest risks really are in this funding space. The genuinely largest risks are around funding. The risks come in different categories. We have, I think, a pretty sophisticated risk management model, and it then categorises the risks by the different kind of risks that we face, how we mitigate them with clear risk appetite about how we approach that. But the most existential risks to the university are policy risks. As you've seen, the thing that's made the biggest impact has been unexpected migration policy changes. They move numbers more than anything else because normally university numbers should be relatively stable unless you do something just to play the movie back. When you change the migration rules in December when you've already got all the students in the pipeline for next year's people, and the budgets are already set, that's a big disruptive risk that looks more disruptive than just about anything else because it's not a risk that you can mitigate very easily.

But we do, of course, cover the full suite of other risks that you'd expect, including the operational risks. We sit in a very flammable city. We drill regularly. Every year we do drills around how we would manage a major catastrophic fire in Hobart for our facilities. There is a number of disasters that the university obviously has to actively plan for, and work around that would be quite material. You might want to comment a bit more, Alison.

Ms WATKINS - Risk and our enterprise risk framework is something that is at the core of what our finance, risk and audit committee is responsible for. That's the committee that has oversight of making sure that we are tracking the major enterprise risks and also alert to any changes in those enterprise risks. That's against the backdrop of the risk appetite statements that we also frame up, which articulate what risks we encourage people to take versus where we're cautious, versus where we really have no tolerance for any risk. Obviously, significant legislative breaches, for example, would be an area where we have no tolerance. Safety and gender-based violence are areas where we have no tolerance.

But Rufus is absolutely right: the key one that has been at the top of our risk framework has been financial sustainability and the impact of policy changes, as we explained at the outset, and how those might flow through. The risk framework, if I could just take the opportunity, I think is something that's working well in making sure that we are paying attention to the areas where we're most vulnerable, the areas that really matter. I described earlier around the financial risk, for example, some of the tools and the mechanisms we've got to make sure that we're managing that over a longer-term timeframe because we need to make adjustments as our revenue has shifted. You saw the impact of the changes in international students. We've had to make some adjustments.

Our goal as a council is to really strike the right balance of fulfilling, to the very best of our ability, our mission for Tasmania and to provide a great experience, access and equity for all Tasmanians to have a university education; but to walk the fine line with financial sustainability. So, having that longer-term approach has been something that's been very important to us because, as a council, ultimately we are responsible for the financial stewardship of the university and that's a responsibility we take very seriously.

PUBLIC

CHAIR - With regard to the tenure of the council, I noticed looking in the annual report that a number of members have been there since 2021 and there's one from 2018. Is there a set tenure?

Ms WATKINS - Yes.

CHAIR - Is it five years with a renewal or three years plus three?

Ms WATKINS - We have different tenures depending on how a member is appointed.

CHAIR - I noticed quite a few 2021s. I'm wondering whether they're coming up for renewal or they're coming up for new appointments.

Ms WATKINS - Yes. We've had -

CHAIR - Yourself included.

Ms WATKINS - Yes. Our council appointees have a three-year term. For example, we are losing James Groom at the end of this year, who has made an enormous contribution as a member of council and as a deputy chancellor over his three consecutive terms. We are in the process of and will shortly be advertising for applications for new council members. There is a range of terms. In 2026, we've changed our committee structure slightly and I won't go into all the details here, but we now have what we call our governance and nominations committee. It's responsible for, amongst other things, the overall profile of council, the skills that we believe we need on council, managing turnover and terms, considering reappointments with the aid of our extended nominations panel, which incorporates three independent members from respected people in the community to help us evaluate those.

At the other extreme, we have our elected student representative. They have a one-year term. We've been fortunate, during my tenure, to have had outstanding student representatives and, in consultation with TUSA, we've been able to extend those for two years. Our current student member, Gareth Dent, will finish up at the end of this year. We are going through the student process at the moment -

Ms WEBB - Elected or appointed? You mentioned elected student. It does say appointed in here.

Ms WATKINS - Actually, we're implementing this year a change to that. We've had some great engagement on that and there's been a lot of focus on this. And so, with TUSA, we've now got what I would call a hybrid approach. We sought applications and we actually had over 20 applications as candidates. We have a panel who screened that down to six candidates. I had a look at their bios and we've got six outstanding candidates who are now going through an election process. I should clarify it was an appointment process via this panel. We've now moved to this hybrid process which I think strikes a good balance of making sure that we - because it's really important that as a council we have the full range of skills. This approach, I think, achieves a good balance and makes sure that we'll get an outstanding student representative.

To summarise, there's a range of terms. We manage proactively through our governance and nominations committee. As to my term, council have graciously asked me to serve through to 2028, which I'm delighted to do.

CHAIR - Thank you. And I notice, Vice-Chancellor, it's coming up to your ninth year.

Prof BLACK - That's true.

CHAIR - Is there a set term?

Prof BLACK - There's not.

CHAIR - So, you're looking to stay with us?

Prof BLACK - I love this state and I love the work we do here for Tasmania. So long as I can be of service to our university and our state, I'm happy to continue to do so.

CHAIR - Good to hear, thank you.

Mr GAFFNEY - I like your information regarding the appointed and the elected and hybrid model. Have you seriously considered two students, one appointed and one elected? This was something that came up through the recommendations and I think it's valid. In that space, is it seriously being considered because it's a university of students and there should be an appointed and an elected, I think.

Ms WATKINS - Yeah, yeah, yeah. We are obviously subject to the *University of Tasmania Act*, which is -

Ms WEBB - Plenty of room in it for that.

Ms WATKINS - Well yes, we could choose, for example, for one of our six council appointees to be another student. I guess the minister could also choose another student as well. Those things are open and it is something that we as a council definitely want to make sure we are getting very good stakeholder representation more broadly, including obviously from what I would say arguably is our number one stakeholder, our students. We consider this, and I think we've made some good progress, because it's really about the voice of the student, at all levels, including at council level. In our course design work, are we involving students in the way that down in individual schools, individual courses? Yes, I think is the answer, as probably others can elaborate better than I.

Academic Senate really is the body that oversees the quality of our academic offering, the range of our academic offering, the student satisfaction. I've been delighted with the progress under the leadership of our current president of Academic Senate we've made to reform Academic Senate. I think again this goes to some of the LegCo recommendations that were made a few years back where we've reduced the size -

Ms WEBB - I'm just mindful of time, this is on the topic of student representation on the council, do you mind if we stick to that space?

Mr GAFFNEY - Is there any reference to that representation through the ATEC, through what's going to happen next year with how the student body is represented at that level?

Ms WATKINS - I would say there's definitely a live debate on that.

Mr GAFFNEY - Other universities have more student representation on their council than we have here.

Ms WATKINS - Yes. The university acts vary in how they specify the composition. Let me just close by saying we've made a couple of positive changes, including this election process, also the quarterly forums that we've committed to as council with students, to make sure that we are directly hearing the voice of the student. It's moving in a positive direction.

Mr GAFFNEY - It's moving in a positive direction, thank you.

Ms WEBB - Is TUSA happy with the hybrid model? Another way you might look at it is it's a gatekeeping model, because the panel appointed by the council is choosing who gets to put themselves forward to the student support selection. It's not really democratic, is it, in that sense, and is gatekeeping in terms of who has access to potentially have the role?

Ms WATKINS - I won't speak for TUSA, of course, but TUSA obviously have been part of designing this process and have supported it.

Ms WEBB - Is it your understanding that TUSA have approved of that model?

Ms WATKINS - That is my understanding.

Ms WEBB - That they have approved of that model?

Ms WATKINS - Yes.

Ms WEBB - In terms of the election that occurs, how are those candidates presented to the student community?

Ms WATKINS - I couldn't speak to that specifically. I don't know, Kate, if you want to comment?

Ms WEBB - We could always pop a question through - just so we have a picture of what that's going to look like.

Ms WATKINS - Yes, what the process looks like.

Prof BLACK - I guess a key part of exploring the hybrid is - a council, at the end of the day, is not a stakeholder body. Stakeholders' experience is the thing that they bring that may add to their capacity to make decisions. They do need to have a level of - there are a series of qualities that you need to have to do that well. This seeks to strike a balance of ensuring, just as for every other council member, you're making sure that they meet those qualities. Here we're striking a balance that says yes, we're confident there's a whole group of students who meet those qualities, here's the students to - they then choose. That's part of the art of governance of institutions like this, how do you ensure that you have people who can fulfill the

very substantial governance skill and obligation requirements and still have stakeholder perspectives as an integral part of that decision-making process? This is an exploration, we'll see how it goes.

Ms WEBB - Is it the same model that you use for when you're appointing your elected staff representatives on the council?

Ms WATKINS - No, that's an election.

Ms WEBB - You don't gatekeep that side of things, you let the staff choose through their election process, and arrive at who they would like to have represent them on the council. But the students aren't afforded the same respect?

Prof BLACK - I guess the difference is staff have known each other for a very long time. These tend to be staff of great experience in the university, well known to many other staff. The ability to therefore judge whether they have those qualities is a much easier thing to do than a student who may be known to very few, and participation in student elections runs at a very small per cent, so even those students who do put their hands up are elected by really very small per cents of students. So, I think while it's not a pure model, I think it reflects the reality of how are you sorting out, as a community, making those judgments in a mature but kind of realistic way.

Ms WEBB - I guess it'll get a run and we'll see what happens. Moving to a different topic, if I may. The other thing that was sort of notable during 2025, certainly in public discussion around UTAS that isn't in the annual report is, of course, the Vice-Chancellor's appointment to the Deloitte board. So, I just wanted to ask a couple of quick questions around that. Why isn't it mentioned in the annual report, is the first question?

Ms WATKINS - Well, it's disclosed, as I mentioned. One of the disclosures that we have on the website is our register of interests, which we maintain, and we check every council meeting that that's current, so it can be quite a dynamic thing. So, it seemed to -

Ms WEBB - Was there a decision made not to mention it?

Ms WATKINS - No, no decision, just a view that something that is dynamic and needs to be updated for all council members is better on the website.

Ms WEBB - It's a significant appointment, though, for your Vice-Chancellor that happened during the year being reported on in the annual report. It was a matter of public discussion and media discussion, things like that. So, it seems surprising that wouldn't be part of commentary, in some sense, even if it's just a nice, clear, plain statement about it from the university.

Ms WATKINS - Yeah, well, I think it goes to this discussion about what the annual report is and isn't, and we've tended to see the annual report as part of a suite of our overall disclosures and playing a specific role, but I think this conversation is encouraging us to look at it more of a complete summary.

Ms WEBB - In terms of the other ways that that appointment, or decision-making process around it, is available in the public domain, did the council formally approve the Vice-Chancellor's application for the Deloitte position?

Ms WATKINS - I think the sequence of events was that the Vice-Chancellor mentioned to me that he'd been approached about this in March. I discussed it with a few of my colleagues, my deputy chancellors, and used them as a sounding board, and we all felt very positive about it. I then summarised and sent a note to council, I think that was probably in May. Then we discussed it at the June council meeting. So, it's not a -

Ms WEBB - I'm trying to track formal decisions. So, the council didn't make a formal decision on the application at that early stage of things. The council met in June to approve the Vice-Chancellor accepting that position?

Ms WATKINS - Well, if I could just maybe put a little bit broader - it's actually not a matter for council approval formally - it's something that I can agree to. However, I'm obviously very conscious to make sure that council are comfortable with significant things like this. So, that's why I went through the process of sounding my deputy chancellors first of all, and then discussing it with council members who wanted to have an informal discussion before the June meeting, and then discussing it as part of our normal June council in the members-only session where they could, you know, raise any concerns if they wanted to.

Ms WEBB - Speak freely about it? Yep, that's reasonable. So, had the Vice-Chancellor accepted the position before that June council meeting?

Ms WATKINS - No, he hadn't. My understanding is that he hadn't been formally offered it.

Ms WEBB - Thank you. And so, in the June council meeting minutes, is there recorded a resolution of the decision from the council about the appointment?

Ms WATKINS - Well, as I just said, it wasn't actually something that required a decision from council, as such. It was something that was a sounding approach. It was very important to me to make sure that council were aware of it and comfortable with it. So, that's the process we went through.

Ms WEBB - So, we've had the expert council and national have a principle that external roles, including for vice-chancellors, should be demonstrably in the interests of the university and should be approved by the governing body, and should be by exception. That's something that's come through from the expert council. Do you believe that the circumstances here fit those principles outlined by the expert council?

Ms WATKINS - Yes, look, I think that's pretty much the process we went through. It being demonstrably in the interests of the institution - that was something that was very much at the core of the discussions that I had initially with the deputy chancellors and then with the broader council. You know, I'm happy to elaborate on that, if you'd like me to, as to what we see those benefits.

Ms WEBB – Well, perhaps you could, given that some time has lapsed, perhaps you could speak to some tangible benefits that have derived from the Vice-Chancellor having that position?

Ms WATKINS – Yes, certainly. Well, I mean, Deloitte - I am sure you're familiar with them, but they're a very large professional services organisation. They employ a lot of graduates, and they work for a lot of clients across all sectors, public and private, who are also employing a lot of graduates and whose organisations are going through a lot of change and adaptation - particularly as they consider their sort of strategic response, for example, to the geopolitical situations and changing policy environments that we're seeing in different sectors, and also, of course, technology changes and particularly artificial intelligence, how they're embracing those opportunities, and their organisational responses. Those things go to how we think about adapting ourselves as a university and also how we think about educating graduates that will be employed by those organisations in the future across all sectors. So, it's actually enormously insightful, and that was very clear to us that someone of Rufus's standing, it's no surprise that he was approached for this kind of thing.

I think the other thing that was a factor for us was around, you know, it's very important that we as Tasmanians stay very connected to the national and international sort of debate, conversation and the evolving trends. Rufus has always been someone who has a very good national standing, but this kind of opportunity also continues, I guess, his influence on a national level which, believe me - I mean, we talked about the policy environment and the influence that we need to be having in Canberra to make the case for regional universities and for our university in particular, and so having someone who's really recognised, as Rufus is, and very fluent and current is actually extremely beneficial.

Ms WEBB - Has the Vice-Chancellor begun donating his salary from that role back to the university already and is that represented in the annual report financials, or will it be in future years?

Prof BLACK - It will in future years. The first of those donations were done this year. All post tax goes to the university.

Ms WATKINS - I should say also that that was not something that we expected the Vice-Chancellor to do. He chose to.

Ms WEBB - I'm really mindful we're running out of time.

CHAIR - One last quick question.

Ms WEBB - It might be one that I can just flag and it can be taken on notice because we didn't have the time to get to it, and I apologise. It's around a really clear picture around staff FT by category and being able to look at that across years. That's not information that's provided in the annual report currently, so we can't really get a picture of what the sort of staffing cohort of the university looks like. Would it be okay if I put some questions on notice to you around that. Then given we've had a really good conversation today about thinking about how changes may be made in future reports, is it something you might think about? Can you add it into the list of things potentially to think about? The picture of staffing, and like the picture of students as well, are things that are of pretty key interest to the public, to the parliament too, and

especially to be able to see that across time for the university. They're certainly elements, I think, worthy of consideration for future revisions of what's presented.

Prof BLACK - What would be really helpful is to get a little more guidance as to what the most useful structure would be. We are now organised a little differently - as a result you saw the kind of 20 per cent less senior managers. That's been really because we've kind of broadened the way leadership works in the university. So, we now go by academic units. That might be useful just to seek as you reflect on it. So academic units are one level you can cut it out. We do both academic units and then there are divisions that support all of those units. So, it's just really how you would like it -

Ms WEBB - Yes, in some form of sort of category and employment type or we'll try and lay it out for a request.

Prof BLACK - Yes, it would be really helpful to know what would be the most useful to you and we will reflect on what sort of is a helpful way, but the more guidance we get about what you are seeking to understand, if you like, what problem we're trying to solve here -

CHAIR - To make it clearer.

Prof BLACK - Yes, it would really help do that, because I think it is very interesting, and it's a useful thing for everyone to understand, you know, the kind of sheer number of researchers that we've got, for example in IMAS or in Menzies, there's different profiles. So there are a lot of different questions. Are you looking for the kind of profile of the research intensity? There are also gender equity numbers that we're pretty proud of that we're making really good progress on.

Ms WEBB - If it's okay, can we lay out a series of questions on notice that sort of point to the data we're interested in?

Prof BLACK - And if you'd just reframe the question because even if there's some reason why we can't put it that way, if we know what question we're trying to solve, there may be another way to present it.

Ms WEBB - Sure. That sounds fine.

CHAIR - Thank you very much for taking the time to provide evidence to this committee. The evidence you have provided at the hearing today, as mentioned earlier, is protected by parliamentary privilege. I take the opportunity to remind you that any comments you may make to the media or others outside this room, even if you repeat what you've said here, will not be protected. So, do you understand that?

Witnesses - Yes.

CHAIR - Thank you very much.

The witnesses withdrew.

The committee adjourned at 1.02 p.m.