

I appreciate the opportunity to participate in the consultation session held in Armidale in April 2023.

This included a valuable discussion about attendees' views on the role and contribution of universities to their communities and businesses. There was strong support for the University of New England and the university sector in general to equitably improve outcomes for students and adding commercial value through research and collaboration.

I am submitting this late contribution as I am concerned there was insufficient consideration given to the financial sustainability of universities and specifically smaller, regional institutions.

UNE Armidale has a very high level of local support given its history and attachment to the New England region. It is however under serious financial strain.

UNE has reported Net Operating Results: -

2021	\$102,648,000. *
2020	(16,323,000)
2019	(3,823,000)
2018	(23,294,000)
2017	9,288,000

The NSW Audit Office noted in its 2021 report, the result for UNE included income from Education Australia Limited and adjusted its Net Income to \$19,300,000. Additionally, the year's income reflected an approximate gain on investments of \$80,000,000.

The calculation of 'fair value of assets' was one of two Key Audit Matters in the 2021 accounts. Without these two contributions, the normal operating result for UNE would show a deficit of around \$60million.

Additionally, the 2021 NSW Audit Office Report into universities highlights a number of issues that go to the sustainability of UNE.

- 1/ Of the 10 universities in NSW, UNE has the highest dependency on Government grants (at 52%).
- 2/ It has the second lowest level of philanthropic contributions (generally a major factor in an institution's ability to sustain itself).
- 3/ It has the third lowest level of research income (an indicator of scale and capacity to attract grants)
- 4/ UNE had the highest number of Management Letters findings in 2021- a possible indicator of underperforming executive leadership.

UNE has many strengths and the Audit Office identified above average achievement in undergraduate employment outcomes. It is also one of the five institutions in NSW doing the heavy lifting in attracting low SES and Indigenous students.

The point of my submission is universities have many demands and particularly in regional centres where they are an integral part of their community and economic activity. However, as UNE Annual Financial Statements for the past 5 years show, smaller universities with their sub-optimal scale and capacity struggle to deliver on their present functions let alone have the ability to grow into high performing organisations serving their stakeholders.

The Government, Minister and Panel should be commended for this important review. It will only have long term impact if it includes an analysis and recommendations that address financial sustainability of the sector including a focus on regional and smaller universities. This should include all options such as mergers to achieve scale and capacity. Mergers can take many forms and if executed carefully, I believe they can provide net benefits for students, staff, researchers, industry and community.

Thank-you for your consideration of this late submission.

Scot MacDonald

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