

Questions from Senator the Hon Jacinta Collins

1. How many jobs does the NTEU assess will be at risk because of the cuts in this bill?

The question of jobs at risk is addressed at page p12 of our submission. The relevant section reads:

Taking into account the fact that each \$1million in funding equates to around 20 to 25 full-time equivalent (FTE) jobs, the real impact of these changes will extend from current and future jobs to the very learning conditions of students.

Universities Australia, in a media release on 6 June 2017, [More voices join growing chorus of opposition to university cuts](#), agreed that more job losses would be the outcome:

Universities Australia Chief Executive Belinda Robinson said that careful analysis had confirmed how deeply the funding cuts would force universities to cut staff jobs and student support services.

A reduction of \$3million in funding for CSP students at CDU, for example, could mean a reduction of as many as 75 FTE staff positions. For Monash, the reduction of \$19million could translate into as many as 160 lost staff positions. Across the sector a cut of \$370million in funding to support CSPs could see the loss of between 7,000 and 9,500 FTE positions.

In other words, the NTEU believes that the proposed reduction in funding could lead to **7,000 to 9,500 fewer full time equivalent (FTE) positions at our universities than would otherwise be the case**. This might translate directly to job losses per se but might also manifest in the form of greater reliance on casual and or part-time positions.

2. Is the NTEU concerned that offering individual workplace contracts may be part of the 'performance funding' requirements?

At this stage, there has been no suggestion that the government is considering performance criteria that might include measures such as a requirement to use individual work contracts.

While the NTEU might consider the introduction of such requirements unlikely, they should not be ruled out entirely. This is especially so given that a previous Coalition government tried to use funding to achieve its industrial relations in the higher education sector through the use of what were called the Higher Education Workplace Relations Requirements (HEWRRs), which amongst many other things, included a requirement that universities give staff the opportunity to be employed on individual agreements or Australian Workplace Agreements (AWAs). The HEWRRs were introduced in 2005 and repealed by the Gillard Labor Government in 2008.

3. Can the NTEU elaborate on their view of the opening up of sub-bachelor places?

NTEU response to the proposed expansion of CSPs to sub-bachelor qualifications is outlined on pages 25 and 26 of our submission.

While the NTEU is generally supportive of this proposal, we have strong reservations with regard to:

- Eligibility criteria which exclude students who already have a higher education qualification from sub-bachelor CSPs
- Out sourcing of the delivery of sub-bachelor qualifications to non-university providers.

The NTEU believes that disqualifying people who already have a higher education qualification from accessing sub-bachelor qualifications cannot be justified on educational or administrative grounds. It also is counterproductive in an environment when a rapidly changing labour market will require people to retrain.

On the educational side, what is the rationale of excluding someone who might want to enrol in a sub-bachelor level qualification to refresh or update their skills or knowledge from having access to a sub-bachelor CSP? On the administrative side, the NTEU believe that this restriction on eligibility not only unnecessarily increases the compliance cost but also creates an inconsistency with use of CSPs in bachelor level programs. At a bachelor's level a university cannot enrol full fee paying domestic students into a course that accepts CSPs.

A further important issue in relation to offering of CSPs for sub-bachelor qualifications, is the extent to which universities can use third parties to deliver these programs. While the proposed changes limit sub-Bachelor CSPs to universities, there is nothing stopping universities contracting out the delivery of such courses through:

- A fully owned subsidiary of the university, as is done through Monash College for example;
- An independent private for-profit provider such as Navitas, which is the case at a number of universities such Newcastle, Curtin, La Trobe and Griffith universities; and/or
- A joint venture partnership arrangement between the university and a private provider as is currently the case with Seek and Swinburne On-Line.

Our concerns about such arrangements go to questions of the quality of corporate governance, monitoring and risk management and the quality assurance over the activities of third parties. We are also deeply concerned about staffing arrangements, with the latest [TEQSA data](#) showing non-university providers have a much higher reliance on casual staff when compared to universities.

Therefore the NTEU is arguing that the legislation needs to be strengthened to cover any third party or outsourcing arrangements to ensure:

- the parent university retains control over content and delivery and is directly responsible for quality of program and student's education experience;
- TEQSA Standards reflect stronger governance requirements necessary to guard against financial and quality-related risks; and
- the partner is a public institution or not-for-profit community based organisation

4. Can the NTEU provide an assessment of the financial viability of the sector, if the cuts were to go through?

The NTEU submission (pages 7 – 24) includes comprehensive analysis of the financial impact of the government's proposed policies on both students and universities. The impact of the proposed increase and student fees and cut public investment through the imposition of efficiency dividends means a 10% cut in the real (inflation adjusted) level of public investment per student.

In dollar terms and according to the government's own estimates this means that by 2021 (when all of the changes have been fully implemented) **universities will in order of \$370m per annum worse off in terms of the funding they receive to educate students on Commonwealth Supported Places.** The NTEU estimates, that over the four year period 2018 to 2021 these changes mean a loss in order of \$1.2 billion.

All other things being equal, such cuts would have a severe impact on financial viability of many universities.

However, as we point out in our submission, as public institutions, universities are expected to operate within budget, and therefore will manage their finances to ensure that they are within budget (cutting the cloth to meet the circumstances). There is no doubt that these changes will place some institutions under significant financial stress. However, it is not possible or helpful to speculate about the magnitude of these affects or which institutions will be most adversely affected.

Therefore, from the NTEU's perspective the more interesting question in relation to the proposed cuts is not what impact they will have on institutional financial viability, but how universities respond to the cuts to stay within budget. As our submission outlines in some detail, universities are likely to respond to these cuts, by:

- reducing costs, the largest slice of which are employee costs, through job cuts or through even greater reliance on insecure forms of employments, and/or
- cutting their operating margins and rather than relying on retained earnings to fund capital works, making greater use of debt finance.

The irony of the government's attempts to reduce the size of its budget deficit and the value of Commonwealth debt is that it may force universities into greater debt and the debt servicing costs associated with that.

5. What is your assessment on the regulatory impact of this bill?

The NTEU is not in a position to assess the regulatory impact of the Bill.

This having been said however, while we appreciate the desire to minimise the regulatory and/or compliance burdens of any legislation on institutions, staff and/or students the legislation appears to generally include regulations necessary to ensure that the Bills objectives are met.

However, the NTEU would argue that regulations in relation to;

1. contracting out or the use of third party providers to delivery sub-bachelor and enabling courses and
2. the merit process that will used to allocate postgraduate vouchers;

would require greater clarity and detail in the legislation and not be left to guidelines.

Notwithstanding the above advice, the **NTEU remains of the view that the Bill should be rejected**. A few amendments will not improve the underlying intent of cutting public investment in higher education.

Jeannie Rea
NTEU National President
31 August 2017