

## **The Impact of COVID-19 on the Higher Education Sector and the Australian Government's Response**

*NTEU Submission to Senate Select Committee*

### **CONTENTS**

i. Executive Summary .....	1
ii. Recommendations .....	2
1. Introduction .....	6
2. The Financial Impact of COVID-19 on the Higher Education Sector .....	7
2.1 University Balance Sheets and Capacity to Absorb Sudden Revenue Collapse .....	9
2.2 The Impact of COVID-19 on International Student Fee Income .....	12
2.3 Other Losses Incurred by Universities .....	18
2.4 Impact on University Capital Expenditure .....	18
3. The Impact of COVID-19 on Research .....	19
4. The Impact COVID-19 on Jobs .....	21
5. The Impact of COVID-19 on Vulnerable Staff .....	23
6. The National Jobs Protection Framework and the failure of University Governance .....	28
7. The Impact of COVID-19 on the Role of Universities in the Broader Community .....	30
7.1 COVID-19 and the Role of Universities as Institutions of 'Public Good' .....	30
8. The Impact of COVID-19 on International Students (welfare) .....	31
9. The Impact on Regions .....	35
10. The Government's Response to the Crisis in Higher Education .....	37
10.1. The Higher Education "Rescue" Package .....	37
10.2. Funding Guarantee of Commonwealth Grants Scheme (CGS) and Other Related Funds .....	39
10.3. Deferral of HELP Recoveries .....	39
10.4. Short Online Courses (Micro-Credentials) at Higher Education Levels .....	41
10.5. Funding Link Between CGS 'Guarantee' for Under-enrolments and Short Courses .....	42
10.6. Other Package Measures .....	42
10.7. The Cost to Universities of Participating in the Short Course/Micro-Credentials Scheme .....	42
10.8. Other Factors to Note Regarding Micro-Credentials .....	43
11. The Exclusion of Public Universities from JobKeeper .....	46
12. State Government Measures .....	48
13. Overseas Government Responses to Higher Education .....	49
14. NTEU 2020 Vision – A Sustainable Framework for Higher Education .....	53
iii. Appendix A – NTEU's Alternative Funding Model .....	54

## **i. Executive Summary**

The National Tertiary Education Union (NTEU) represents the professional and industrial interests of over 30,000 staff working in higher education, including staff in Australia's universities and research institutes and other tertiary sector organisations. Our membership extends from professional/general to academic staff, from world-leading experts across all academic disciplines including researchers, technical and administrative staff, and trades and related staff.

All staff working in higher education have been adversely affected by the COVID-19 crisis.

Over a thousand university workers have lost their jobs. Without federal assistance, the Union believes there will be thousands more. Our universities are in crisis.

The sector is projected to lose between \$3.1b - \$4.8b in revenue for 2020, and up to \$16b by 2023 should the international education sector remain depressed.<sup>1</sup> University commercial and investment income has also been negatively impacted and there are uncertainties around the domestic student market in 2021 (noting that small and regional institutions are likely to be most negatively impacted).

Calls for Government assistance in the crisis have been largely ignored. The Federal Government amended provisions around JobKeeper three times to specifically exclude public universities, although it will allow private higher education providers to apply for the program. The Higher Education rescue plan announced mid-April does not deal with the projected loss of income in as much as it flags the Government's future plans for a more privatised, contested sector, where competency focused short courses ('micro-credentials') are given preference over traditional degree structures that are informed by world leading research.

The NTEU has continued to actively lobby for federal funding, despite Government recalcitrance. However, the longer the Government refuses to act, the more jobs are being lost.

To prevent this, NTEU negotiated in good faith with Vice Chancellor representatives, resulting in provisions known as the National Jobs Protection Framework (JPF). The framework aims to moderate cost saving measures universities would employ to save some 12,000 higher education jobs. It would ensure cost saving measures are proportional, transparent, equitable, and protect the most at-risk workers. Measures would also be temporary, constrained to the period of worst impacts of COVID-19.

However, numerous individual university vice chancellors have chosen not to enter into the framework. Many have indicated that they do not want to give up managerial prerogative or be transparent with their financial circumstances. They see COVID-19 as an excuse not only for job cuts on unprecedented levels, but for permanent staff to be replaced by those in 'flexible' (insecure) employment. It is also an opportunity to roll back existing conditions and entitlements through non-union variations to enterprise agreements. They do not want the changes they are pushing to be temporary, but long term.

Given our broken industrial laws and the multi-billion-dollar hole in the sector's finances, as well as the likelihood of a slow recovery for international education, we will see mass job losses in higher education. This will impact on capacity for universities to deliver what is needed post-COVID-19 – in teaching and learning, skills development, research and innovation and in supporting our communities.

---

<sup>1</sup> Universities Australia, "COVID-19 to cost universities \$16 billion by 2023" 3 June 2020 Media Release  
<https://www.universitiesaustralia.edu.au/media-item/covid-19-to-cost-universities-16-billion-by-2023/>

The COVID-19 crisis, compounded by the Government's failure to act, will have long term effects. Prior to COVID-19, there was broad recognition that over a decade of funding reductions, reallocations, cuts and freezes had left the sector severely underfunded. Indeed, by 2018, the sector was financed more by student fees than Commonwealth Grants Scheme (CGS) funding. In 2015, NTEU proposed a new funding allocation framework which included substantial public funding increases. This framework is designed to be sustainable, transparent and could be targeted at areas of need, and would effectively depoliticise the funding process. The NTEU maintains that our funding proposal is now even more relevant in the post-COVID-19 environment, particularly given that universities will be expected to play an integral role in rebuilding Australia's economic infrastructure, contributing to our research and development capabilities and in helping to reskill our workforce.

This submission outlines the impact of COVID-19 and provides analysis on the Government's actions in relation to the higher education sector. This submission reviews the Government's higher education rescue package and details how public universities have been denied access to JobKeeper. This submission provides details around the NTEU's National Jobs Protection Framework, but also discusses the implications of universities not signing up to the Framework. Importantly, this submission outlines NTEU's vision for higher education, which is appropriately and sustainably funded and meets Australia's future needs.

Below is a summary of the Recommendations.

## **ii. Recommendations**

NTEU believes the current funding and regulatory framework is broken and will not sustain the tertiary sector – both in the post-COVID-19 recovery period and in the longer term.

Over reliance on international education to subsidise domestic teaching and research is a deeply flawed model that exposes the sector to unnecessary risk. It also creates a culture where overseas students are viewed as profit generating 'customers', rather than as scholars that we invite to study here. It undermines the role of international education in our domestic curriculum and global outlook, in the role education can play in current and future international relations by educating future leaders, and in supporting Australia's role as a diplomatic power in our region.

### *A sustainable policy for higher education*

NTEU's strongly recommends Government make a medium to long term commitment to increase and sustain public investment in our universities at 1% of GDP. This would move Australia from being at the bottom of the OECD public investment in tertiary education league tables to about the OECD average.

NTEU proposes this be phased in over the medium to long term. In doing so, this level of funding would secure a sustainable higher education sector and allow for several important policy initiatives, including:

- Student contributions (tuition fees) for domestic undergraduate students to be phased out.
- Level of real funding per Commonwealth Supported Place (CSP) to be increased by 10%.
- Public investment in research, research training and student support and equity programs to be substantially increased.
- Reliance and focus on risky international student markets be phased out.

NTEU has an alternative policy framework that would deliver this sustainable university funding system. This public accountability funding and regulatory framework is detailed in NTEU's publication [Towards](#)

[a sustainable policy framework for Australian higher education](#). Put simply, it creates a flexible, coordinated model for the allocation of Commonwealth Supported Places (CSPs). Within this framework universities would exercise control over how many students they enrol, while the Commonwealth would be assured that all students enrolling in a public university receive a high-quality education and a genuine opportunity to complete their studies.

In the immediate term, NTEU proposes the Federal Government implement the following measures to enable higher education institutions to take advantage of opportunities during the economic recovery phase:

#### Mitigation of mass job losses

- Permit public universities access to JobKeeper as per the provisions available to other employers, (including registered charities regulations). access to JobKeeper.
- Implement a funding package that specifically addresses international student losses, with a loading for regional universities.
- Remove CGS caps for universities that have met or exceeded their domestic student caps in 2020, so they can receive federal support for these extra students, and a clear process for other universities to have their Commonwealth Grants Scheme (CGS) caps grown in the future to support domestic skills development and capacity building.

#### Planning for the recovery of the sector

- Consult with principle stakeholders in the sector to: establish a national plan, with a timeline; to bring international students back to Australia, with a staging process that could open up low risk/regional/rural/small campuses first.
- Look at structural reforms to better support small, regional and rural universities in their communities, with funding linked to secure permanent jobs, boost for local research and development, and support for existing research streams that have a local or regional focus.

#### Research

Research funding has long been overdue for review. It is heavily subsidised by university discretionary funding, largely from international student fee income. As such the impacts of COVID-19 restrictions (and falls in international student fee income) will have an on-going and long-term impact on Australia's research sector.

- Move research funding back towards block research grants and away from the competitive grant system.
- Fund a six-month extension to existing competitive research grants.
- Fund, fully, the already permitted six-month extensions allowed for postgraduate students.

### Future Workforce planning and the recovery of lost jobs

In addition to the workforce planning provisions in NTEU's Public Accountability Agreements, NTEU calls for the following measures:

- Provide clear reporting on the Full Time Equivalent (FTE) and headcount numbers of casual, contract and limited tenure staff, by level, gender etc. Currently this information is not publicly available (and limited in Victoria), although all institutions do have this data.
- Review the nature of casual employment and how it applies to sectors of the economy, such as higher education, where the use of long-term casual and short-term contract is rampant.
- Change IR laws to limit the use of casual employment to where work is genuinely temporary and short term/seasonal.
- Improve the right to request conversion from insecure employment to secure/permanent employment, for all university staffing classifications
- Ensure conversion to permanent roles for research staff, most of whom are employed on rolling contracts due to the nature of research funding and often have skills applicable in other university roles.
- Ensure targeted funding for continuing research positions for the long-term future of Australia's research capacity.

### Special measures for small and regional institutions

NTEU has proposed the following measures for Government to take so that small and regional institutions can take advantage of opportunities during the economic recovery phase:

- Permit public universities access to JobKeeper as per the provisions available to other employers, (including registered charities regulations).
- Increase base CGS funding by 10% as proposed under the NTEU's Public Accountability Agreement framework (this will make public universities less reliant on international fee income).
- Provide a funding package that specifically addresses international student losses, with a loading for regional universities.
- Provide a federal plan, with a timeline, to bring international students back to Australia, with a staging process that could open up low risk/regional/rural/small campuses first.
- Provide structural reforms to better support regional and rural universities in their communities (funding linked to secure permanent jobs, boost for local research and development, and support for existing research streams that have a local or regional focus).
- Remove CGS caps for universities that have met or exceeded their domestic student caps in 2020, so they can receive federal support for these extra students, and a clear process for other universities to have their CGS caps grown in the future to support domestic skills development. Small and regional institutions that had softer domestic enrolments were impacted more by the federal funding freeze.

*The National Jobs Protection Framework and Institutional Governance Reform*

NTEU denounces those university managements that have chosen to not implement the National Jobs Protection Framework, but instead decided to use COVID-19 to implement mass redundancies and dismiss insecurely employed staff as a first and primary response. NTEU will oppose all applications for variations to collective agreements proposed by university managements who do not sign on the Jobs Protection Framework that was negotiated in good faith by NTEU with representative Vice Chancellors.

COVID-19 has also highlighted systemic dysfunction of institutional Governance where a culture of corporatisation and managerialism has resulted in actions that directly undermine the interests of staff and students within the institution as well as the institution itself, creating further losses of jobs, undermining important workplace conditions and promulgating insecure employment structures. Moreover, the concept of a university being an institution that focuses on 'public good' (rather than corporatised cultures that sees excessive executive largess) is rapidly being lost.

NTEU proposes, as an outcome of post-COVID-19 that the Government:

- Review university governance structures, with reference to what should be the role of universities, as institutions for the public good.

## 1. Introduction

Higher Education was one of the first sectors to be impacted by the COVID-19 pandemic which has seen the shutdown of Australia's economy. The travel bans affected Australia's largest single international education market, China, at a point when students would have been preparing to return for the start of the academic year. While many students did eventually arrive after quarantining in a third country, ABS data shows that 67,919 international student visa holders from China, (comprising around 38% of the total Chinese student visa cohort), were still offshore at the end of March 2020. Of all arrivals to Australia travelling on an international student visa in March 2020, there was a decrease of 11,790 students (-16%) compared to the same month in the previous year. Most were enrolled in higher education courses.

COVID-19 also impacted on the higher education sector as part of the economic closedown that was necessary to maintain social distancing and mitigate the spread of the pandemic in Australia.

Fortunately, when thousands of workers suddenly found themselves unemployed due to the national economic shutdown, universities were able to act quickly to move as many of their courses online. This action was successful because thousands of university staff were able, at very short notice, to convert most university course offerings into online modes. Not all courses could be converted and, in addition to the loss of international student numbers, first semester saw a reduction in domestic enrolments. That, combined with reduced course offerings, saw the first wave of job losses for the sector, largely impacting on casual and sessional staff as well as staff in specialist areas, such as English Language Intensive Courses for Overseas Students (ELICOS)<sup>2</sup> units and companies.

NTEU and others in the sector calculated the hit to sector cash reserves to conservatively be between \$3.5b and \$4.9b for 2020. We projected that, without Government intervention, around 20,000 full time equivalent jobs could be lost.

However, the Government's response, detailed in this submission, has been both delayed and inadequate to effectively deal with the level of crisis. Indeed, the Government has even made a point of denying financial assistance to our public universities that is otherwise available to most other employers, including private higher education providers.

This submission details the Government's poor response to the impact of COVID-19 on the higher education sector and the ramifications of its inaction. However, it must be noted that the real impact of COVID-19 on universities is yet to be seen. Although international education was substantially impacted at the start of the year, new enrolments in the second part of the year have all but ceased. When they recommence, it will be – out of necessity – a trickle rather than a flood, with strict quarantining requirements in place (and competition from other international markets that have been more responsive to international education during the pandemic). While this is unavoidable, the pipeline effect means that the financial crisis for the sector will continue, long after other areas of our economy have started their recovery.

It should be noted that universities have not been the best advocates for themselves during this period. They are divided and ineffective in their lobbying efforts, with many vice chancellors more interested in cutting a deal in the interests of their own institution than willing to work to improve the fortunes for the

---

<sup>2</sup> ELICOS (English Language Intensive Courses for Overseas Students) applies to students studying in Australia on student visas and form a significant part of Australia's international education sector. Students come from overseas to study the English language for a variety of reasons, but in higher education will often undertake ELICOS courses to meet the minimum English language requirements needed to qualify for their university level studies.

sector overall. Instead, their individual responses to the COVID-19 has highlighted the underlying tensions and overt managerial corporate culture in the governance within a number of institutions, with senior university managements in conflict over the direction they should take. The fact that a sector wide solution (the National Jobs Protection Framework) negotiated by the NTEU with a group of representative Vice Chancellors and their industrial association (AHEIA) failed to garner support from the majority of university executives and/or Councils, who would rather see wide spread job losses than be transparent and work constructively with staff representatives, is indicative of the poor state of governance and the disunity of a sector. The failure of the sector leaders, the Vice Chancellors to work together to advocate for the sector, its staff and students, and instead their propensity to engage in zero-sum gain competition between institutions driven by chronic underfunding and reliance on fee paying student markets is contributing to the current crisis.

However, these factors do not ameliorate the need for urgent support for the sector. Universities, as institutions of public good, providing research and innovation and community support, must be a core part of a national post-COVID-19 economic revival. They will be central in both the reskilling of the workforce as well as leading Australia's research and development sector. Yet many will be facing their own widespread loss of talent and skills, with reductions in course offerings and research focus and, in a number of cases, the closure of campuses (particularly in regional areas), the question must be asked, to what extent is the Government's refusal to assist the sector going to undermine our broader recovery?

## 2. The Financial Impact of COVID-19 on the Higher Education Sector

The higher education sector is expected to lose between \$3b and \$5b in 2020 due to COVID-19 restrictions. Universities Australia (UA) has announced that its members are projected to have an average shortfall of between \$77m and \$118m for each of UA's 39 members, accumulating to \$16b by 2023 – mostly due to the plunge in international tuition fee revenue.<sup>3</sup> However, unlike other areas of the Australian economy, the crisis in university revenue is set to continue for the next several years, with modelling suggesting that Australia's universities will face a cumulative loss of between \$10b to \$19b from 2020-2023, primarily (again) because of the collapse in international student revenue.<sup>4</sup>

However, there is a view that universities are "rich" and are therefore able to weather this crisis.

While the NTEU is the first to agree that many Vice Chancellors and their executives are more than generously remunerated, this is a drop in the ocean when it comes to the multi-billion-dollar cash flows for the sector. Much of wealth of universities is in bricks and mortar, investments and commercial enterprises. Many institutions, particularly those in outer metro and in regional areas have very small cash reserves.

The impact of the sudden financial losses have been exacerbated because university finances are structured around regular cash flows, the bulk of which come from government and student fees (domestic and full fee, including international) to support the core activities of teaching and research.

---

<sup>3</sup> Jackson, C, "Post-pandemic, government needs to reinvest in nation's research" 2 June 2020, <https://www.theaustralian.com.au/higher-education/postpandemic-government-needs-to-reinvest-in-nations-research/news-story/>

<sup>4</sup> Hurley, P., Van Dyke, N., *Australian investment in education: higher education*. Mitchell Institute, Melbourne. 2020. <http://www.mitchellinstitute.org.au/wp-content/uploads/2020/04/Australian-Investment-in-Education-Higher-Education.pdf>



They are not designed to deal with sudden crashes in income, because university finances are structured for the long term – they budget years in advance. Thus, no one has planned for such an event as the COVID-19 crisis. Although international education was worth over \$37b to the economy last year alone, the idea that it would suddenly halt overnight has not been seriously contemplated.

The NTEU has modelled several financial scenarios based on reported income in 2018 and projected losses (see Table 1 below). The projected losses for 2021 vary (noting that not all institutions have announced their projected losses, but a majority have indicated some form of loss), but for some institutions are notably higher due to the expectation of an even smaller international student cohort. For example, Deakin predicts losses versus expected income increasing from \$100m in 2020 to \$250m in 2021.

**Table 1: University Income and Publicly Reported Projected Losses due to COVID-19**

	As at 31 December 2018	\$thousands					
	University	OS Fee Revenue	Total Revenue	Total staff costs	2020 Loss reported by University (Mid of loss range)	Reported Loss as % Total 2018 Revenue	Reported Loss as % staff costs
NSW	Charles Sturt University	158,471	609,852	301,184	60,000	10%	20%
	Macquarie University	309,280	1,010,442	531,436	*		
	University of Newcastle	114,425	766,719	422,155	*		
	Southern Cross University	73,996	270,222	140,674	14,000	5%	10%
	University of New England	24,423	319,137	193,409	20,000	6%	10%
	University of New South Wales	712,461	2,130,219	1,162,653	600,000	28%	52%
	University of Sydney	884,693	2,500,481	1,324,986	470,000	19%	35%
	University of Technology, Sydney	362,464	1,049,719	566,268	*		
	Western Sydney University	132,618	909,269	430,981	90,000	10%	21%
	University of Wollongong	169,034	657,398	368,953	90,000	14%	24%
VIC	Federation University Australia	127,724	330,906	158,927	20,000	6%	13%
	Deakin University	343,208	1,195,442	669,765	100,000	8%	15%
	La Trobe University	158,433	798,779	419,440	135,000	17%	32%
	University of Melbourne	879,312	2,530,919	1,280,810	400,000	16%	31%
	Monash University	851,989	2,498,349	1,179,567	340,000	14%	29%
	RMIT University	463,206	1,286,055	703,307	175,000	14%	25%
	Swinburne University of Technology	157,089	723,294	388,635	76,000	11%	20%
	Victoria University	89,038	445,028	258,261	50,000	11%	19%
	Central Queensland University	144,742	438,218	261,476	100,000	23%	38%
	Griffith University	181,477	970,766	554,650	130,000	13%	23%
QLD	James Cook University	74,071	503,002	254,464	*		
	Queensland University of Technology	218,057	1,059,016	578,048	100,000	9%	17%
	University of the Sunshine Coast	66,467	302,543	167,100	44,000	15%	26%
	University of Queensland	572,698	1,969,354	1,018,828	360,000	18%	35%
	University of Southern Queensland	45,223	328,505	209,615	*		
	Curtin University of Technology	164,694	897,207	540,344	62,500	7%	12%
	Edith Cowan University	101,270	452,894	253,656	78,000	17%	31%
	Murdoch University	58,286	359,708	211,528	24,300	7%	11%
	University of Notre Dame Australia	3,890	186,116	120,651	26,000	14%	22%
	University of Western Australia	152,774	926,013	527,032	64,000	7%	12%
SA	University of Adelaide	224,511	900,349	507,361	100,000	11%	20%
	Flinders University	93,723	506,456	317,220	54,000	11%	17%
	University of South Australia	123,764	657,865	395,292	70,000	11%	18%
TAS	University of Tasmania	117,201	763,982	375,532	40,000	5%	11%
NT	Batchelor Institute	-	32,820	21,289	*		
	Charles Darwin University	36,420	258,664	161,317	22,000	9%	14%
ACT	Australian National University	320,871	1,339,599	626,493	225,000	17%	36%
	University of Canberra	56,667	307,579	161,192	32,000	10%	20%
NAT	Australian Catholic University	70,221	549,024	332,314	20,000	4%	6%
ALL	All Institutions	8,838,891	33,741,910	18,096,813	3,966,800#		

\* No figure publicly reported # This total excludes universities who have not publicly reported estimated losses

Source: Department of Education “2018 Higher Education Providers Finance Table” <https://docs.education.gov.au/node/53363> and collected internal statements from universities.

However, projected losses are not the only indication of financial impact on an institution. Some universities are better placed to weather the crisis, with higher cash reserves and other sources of income that have not been as hard hit. In order to understand the real impact of COVID-19 on university finances it is necessary to examine the reliance of the sector on student fee income – specifically, international student fee income.

## **2.1 University Balance Sheets and Capacity to Absorb Sudden Revenue Collapse**

There has been a common misperception in Australia that universities are ‘rich’ and should be able to easily absorb large unexpected declines in revenue. While it is true that a handful of larger metropolitan universities have investment assets they can draw upon, it is not generally true that losses in the ranges described above can be absorbed for multiple years. This misperception has been partially driven by the misinterpretation of balance sheets provided in university annual reports. Commentators have, for example, focussed on figures for ‘Equity Reserves’ and ‘Retained Earnings’<sup>5</sup> to argue that institutions can fund their revenue losses without government support via JobKeeper or another mechanism.

To take one case study, La Trobe University is projecting a \$450m revenue decline over 2020 and 2021, and in 2018 reported “equity reserves” of \$745m and a ‘retained surplus’ of \$613m<sup>6</sup> – staff and commentators have rightly asked whether these funds can be used to make up the shortfall.

To answer this, we need to understand if these measures reflect the capacity of the institution to access cash to fund continuing operations in the period until normal revenues return.

*Equity reserves* on university balance sheets are almost completely composed of ‘asset revaluation reserves.’<sup>7</sup>reserves’.<sup>8</sup> This figure measures revaluations in property, plant, and equipment – that is, the appreciation in the value of assets held. At La Trobe University \$682m of the \$745m equity reserve figure in 2018 consisted of property revaluation.<sup>9</sup> This measure, then, essentially measures notional wealth. Universities wishing to unlock the full value of this wealth must dispose of *all* assets at the previous valuations, including buildings and land, and then lease at least some of these back for continuing operations. Such a move would not only be fiscally risky but likely legally and technically difficult. Much University land has been donated by state governments, who may regulate disposal through various state Acts. Further, this land is usually zoned for public education institutions. It would require approval from local councils and possibly state governments to be subdivided, re-zoned, and re-developed. Such a move also raises questions about the public interest. If universities were to sell of key inner-city locations to property developers (the only ones willing to pay the high valuations expected) would a high-rise apartment tower next to a University significantly benefit the broader community?

<sup>5</sup> This is sometimes called ‘Accumulated Funds’ or ‘Accumulated Earnings’.

<sup>6</sup> La Trobe University, *Annual Report 2018*, March 2019, [https://www.latrobe.edu.au/\\_data/assets/pdf\\_file/0004/1014448/LTU-2018-Annual-Report\\_Final.pdf](https://www.latrobe.edu.au/_data/assets/pdf_file/0004/1014448/LTU-2018-Annual-Report_Final.pdf) p.87

<sup>7</sup> To give another example, UNSW’s balance sheet shows “Reserves” of \$1,018 million for 2019, however \$999 million of this is “Property, plant and equipment revaluation surplus” p. 83 UNSW Annual Report 2019, May 2020, <https://www.parliament.nsw.gov.au/tp/files/77556/University%20of%20Sydney%20-%20Annual%20Report.pdf>

<sup>8</sup> To give another example, the balance sheet of the University of NSW shows ‘Reserves’ of \$1,018m for 2019, however \$999m of this is ‘Property, plant and equipment revaluation surplus’ <https://www.parliament.nsw.gov.au/tp/files/77556/University%20of%20Sydney%20-%20Annual%20Report.pdf> p.83

<sup>9</sup> La Trobe University, *Annual Report 2018*, March 2019, [https://www.latrobe.edu.au/\\_data/assets/pdf\\_file/0004/1014448/LTU-2018-Annual-Report\\_Final.pdf](https://www.latrobe.edu.au/_data/assets/pdf_file/0004/1014448/LTU-2018-Annual-Report_Final.pdf) p.87

*Retained surplus* is another measure that commentators from the private sector may assume exists in the form of liquid assets. However, *retained surplus* is an accounting measure and does not refer to amounts physically retained in cash accounts. Rather, it measures the total value of accumulated annual surpluses and deficits since inception. The retained surpluses have been reinvested in University assets, assets in which they are locked. Universities have sought to generate modest surpluses to protect from unexpected revenue shortfalls and to reinvest in building expensive higher education and research infrastructure. The value of retained surpluses does not equate to amounts available to fund current operating expenses.<sup>10</sup>

The challenge for analysts of the sector, then, is to find a clear measure of the capacity of institutions to cover these losses. In a widely circulated recent analysis Marshman and Larkins use a measure they call cash and investments – this figure they have calculated by combining Cash, Other Current Financial Assets, Other non-current financial assets, Investment Property and other non-current non-financial assets.<sup>11</sup> They then reduced this value by two thirds because:

*“it is assumed that only one-third of cash and investment reserves would be available at relatively short notice to offset the anticipated reduction in revenue, directly or indirectly, as the remainder would be either tied to endowments or other designated purposes or be previously contractually committed to capital or other projects”*

This is a reasonable approach, but, as evidenced from the uniform two thirds write down, it is very general. In their analysis they argue that the outlook is very grim for universities over the next three years:

*“At the sector-wide level, the cumulative losses at \$18.1b would significantly outstrip available cash and investment reserves, estimated to be \$13.5b leading to a shortfall of \$4.6b.”<sup>12</sup>*

Another approach might be to look at current net assets – thus considering current liabilities. The table below cautiously uses this measure, along with net operating surplus and cash on hand. It shows that around half of all universities are unable to cover one year’s worth of losses (after the impact of the government support measures) from cash or net liquid assets. This figure would rise significantly if we were to include a second year of losses – figures which are not publicly available across the sector.

For La Trobe University, we see in 2018 cash reserves of slightly over \$62m, net liquid assets of negative (\$20m) and a net surplus of \$30m. Looking at these measures gives a much bleaker picture of the capacity of La Trobe University to fund \$450m shortfall over two years without significant cost cutting, including mass redundancies, and external funding through creditors or government. Recent reports in the media have suggested that additional financing may be difficult for La Trobe University.<sup>13</sup>

<sup>10</sup> The notional nature of this measure was demonstrated in La Trobe’s \$46 million retrospective downgrade in the figure in 2019 as the result of an accounting standards change. [https://www.latrobe.edu.au/\\_data/assets/pdf\\_file/0004/1134778/LaTrobe-University-Annual-Report-2019-FINAL.pdf](https://www.latrobe.edu.au/_data/assets/pdf_file/0004/1134778/LaTrobe-University-Annual-Report-2019-FINAL.pdf) p.89

<sup>11</sup> Ian Marshman and Frank Larkins, *Modelling Individual Australian Universities Resilience in Managing Overseas Student Revenue Losses from the COVID-19 Pandemic*, Discussion Paper, May 2020, [https://melbourne-cshe.unimelb.edu.au/\\_data/assets/pdf\\_file/0009/3392469/Australian-Universities-COVID-19-Financial-Management.pdf](https://melbourne-cshe.unimelb.edu.au/_data/assets/pdf_file/0009/3392469/Australian-Universities-COVID-19-Financial-Management.pdf) p.11

<sup>12</sup> Ian Marshman and Frank Larkins, *Modelling Individual Australian Universities Resilience in Managing Overseas Student Revenue Losses from the COVID-19 Pandemic*, Discussion Paper, May 2020, [https://melbourne-cshe.unimelb.edu.au/\\_data/assets/pdf\\_file/0009/3392469/Australian-Universities-COVID-19-Financial-Management.pdf](https://melbourne-cshe.unimelb.edu.au/_data/assets/pdf_file/0009/3392469/Australian-Universities-COVID-19-Financial-Management.pdf) p.12

<sup>13</sup> “Race to shore up La Trobe University as cash crisis bites” The Age, 2 June 2020, <https://www.theage.com.au/national/victoria/race-to-shore-up-la-trobe-university-as-cash-crisis-bites-20200602-p54yun.html>

**Table 2: Projected Losses for 2020 versus financial buffers<sup>14</sup>**

University	2020 Loss reported by University (Mid of loss range) 000s	Cash \$000s	Current net liquid assets \$000s	Net Profit (operations) \$000s	Cash minus reported loss \$000s	Current net liquid assets minus reported loss \$000s	Net profit minus reported loss \$000s
Charles Sturt University	\$60,000	21,382	57,295	949	(38,618)	(2,705)	(59,051)
Macquarie University	\$80,000	167,165	200,697	53,451	87,165	120,697	(26,549)
The University of Newcastle	\$57,213*	8,078	9,714	24,795	(49,135)	(47,499)	(32,418)
Southern Cross University	\$14,000	35,337	(16,208)	99	21,337	(30,208)	(13,901)
The University of New England	\$20,000	82,000	92,072	(22,437)	62,000	72,072	(42,437)
The University of New South Wales	\$600,000	128,589	118,191	12,610	(471,411)	(481,809)	(587,390)
The University of Sydney	\$470,000	534,165	238,761	169,598	64,165	(231,239)	(300,402)
University of Technology, Sydney	\$181,232*	147,699	44,877	74,702	(33,533)	(136,355)	(106,530)
Western Sydney University	\$90,000	98,753	7,746	86,771	8,753	(82,254)	(3,229)
University of Wollongong	\$90,000	13,877	142,747	7,839	(76,123)	52,747	(82,161)
Federation University Australia	\$20,000	55,637	99,244	6,615	35,637	79,244	(13,385)
Deakin University	\$100,000	137,854	(76,474)	52,278	37,854	(176,474)	(47,722)
La Trobe University	\$135,000	62,857	(20,694)	30,174	(72,143)	(155,694)	(104,826)
The University of Melbourne	\$400,000	827,206	351,490	68,909	427,206	(48,510)	(331,091)
Monash University	\$340,000	138,492	(181,994)	162,840	(201,508)	(521,994)	(177,160)
RMIT University	\$175,000	33,536	(258,745)	39,388	(141,464)	(433,745)	(135,612)
Swinburne University of Technology	\$76,000	55,609	4,412	(9,310)	(20,391)	(71,588)	(85,310)
Victoria University	\$50,000	43,883	42,296	7,247	(6,117)	(7,704)	(42,753)
Central Queensland University	\$100,000	127,497	70,339	79	27,497	(29,661)	(99,921)
Griffith University	\$130,000	373,841	509,485	37,656	243,841	379,485	(92,344)
James Cook University	\$37,036*	48,726	155,911	12,640	11,691	118,876	12,640
Queensland University of Technology	\$100,000	104,929	71,675	32,601	4,929	(28,325)	(67,399)
University of the Sunshine Coast	\$44,000	99,601	78,783	15,430	55,601	34,783	(28,570)
The University of Queensland	\$360,000	154,043	455,652	74,500	(205,957)	95,652	(285,500)
University of Southern Queensland	\$22,612*	17,622	132,345	10,348	(4,990)	109,734	(12,264)
Curtin University of Technology	\$62,500	133,406	92,866	26,417	70,906	30,366	(36,083)
Edith Cowan University	\$40,000	50,287	82,138	22,000	10,287	42,138	(18,000)
Murdoch University	\$24,300	28,962	75,607	9,781	4,662	51,307	(14,519)
The University of Notre Dame	\$26,000	29,209	(4,903)	(1,285)	3,209	(30,903)	(27,285)
The University of Western Australia	\$64,000	48,082	(35,954)	28,620	(15,918)	(99,954)	(35,380)
University of Adelaide	\$100,000	34,048	(38,220)	(3,823)	(65,952)	(138,220)	(103,823)
Flinders University	\$54,000	38,462	29,631	21,071	(15,538)	(24,369)	(32,929)
University of South Australia	\$70,000	180,549	112,121	19,446	110,549	42,121	(50,554)
University of Tasmania	\$40,000	33,877	(32,752)	119,068	(6,123)	(72,752)	79,068
BIIT	-	10,066	3,747	(1,238)	10,066	3,747	(1,238)
Charles Darwin University	\$22,000	71,513	17,703	(21,381)	49,513	(4,297)	(43,381)
Australian National University	\$225,000	181,196	1,420,198	226,961	(43,804)	1,195,198	1,961
University of Canberra	\$32,000	3,945	(30,113)	18,841	(28,055)	(62,113)	(13,159)
Australian Catholic University	\$20,000	66,507	45,404	48,515	46,507	25,404	28,515
<b>All Institutions</b>	<b>(\$4,233,800)</b>	<b>4,428,487</b>	<b>4,067,090</b>	<b>1,462,765</b>	<b>194,687</b>	<b>(166,710)</b>	<b>(2,771,035)</b>

\*Projected losses calculated as 50% of 2018 international student revenue

Source: Department of Education "2018 Higher Education Providers Finance Table" <https://docs.education.gov.au/node/53363> and collected internal statements from universities.

<sup>14</sup> Projected losses as reported by universities. These projections have usually considered the measure announced by the Federal Government on 12 April 2020.



This analysis shows that a majority of universities cannot cover one years' worth of international student fee losses from current net liquid assets, which raises serious concerns about their capacity to absorb future losses expected in 2021, 2022, and 2023. These universities are all under significant pressure to cut costs, and in the absence of sufficient government support will likely be forced to retrench continuing staff to reduce operating expenditure. Many of these institutions have already begun laying off casual and fixed term staff as detailed in Section 3 below.

## **2.2 The Impact of COVID-19 on International Student Fee Income**

The international education sector contributed \$37.6b to the Australian economy in 2018-19 and is Australia's largest service-based export which supports 240,000 jobs.<sup>15</sup>

Even before COVID-19 came to our shores earlier this year there had been a great deal of attention and discussion over Australia's international student sector, which has seen exponential growth in the last decade – indeed, while in 2001 international students comprised around 18 per cent of total student enrolments, by 2018, it was over 30 per cent. Much of this growth was accelerated in the last few years – in 2017 and 2018, there was growth in international enrolments of 10.2% and 11.2% respectively.

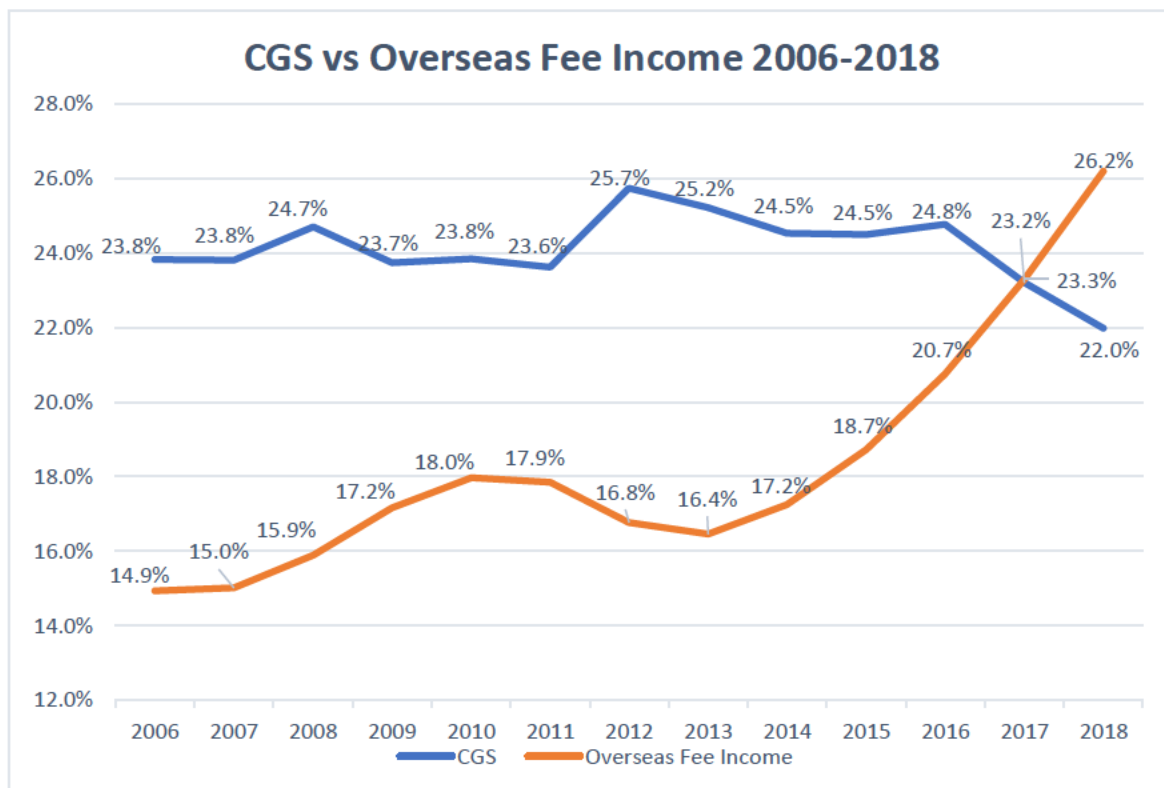
However, the NTEU is highly conscious of the fact that international education – and hence international students - are often represented in financial terms. While international education now forms a significant component of university finances and is central to any analysis on the impact of COVID-19 on the sector's financial crisis, the Union wishes to be clear that international students are one of the most vulnerable groups who have been caught up in the crisis – and have also been the group largely abandoned by Government. We cover the impact of COVID-19 on international students in this submission in detail. However, we must also acknowledge that the sector is highly reliant on international student fee income. A recently released report by Bob Birrell and Katharine Betts, *The Crisis in the Overseas Student Industry: How should government respond?* (Australian Population Research Institute, June 2020) found that the revenue crisis impacted on all universities, but that the top eight institutions are dangerously exposed to the financial loss due to their over reliance on international student fee revenue. Furthermore, the report predicts this crisis to deepen, projecting a drop of up to 50% in international student enrolment by mid-2021.

The report notes that the normal flow of international enrolments would see approximately half of the annual intake of international students taking up higher education student visas in the second half of the calendar year. However, given the continued travel bans this pattern is interrupted, with very few offshore students likely to enter. Furthermore, the report predicts that the numbers are also likely to drop in the first half of 2021, with the result that the number of overseas students enrolled in higher education could fall by up to 50%.

The NTEU has for many years signalled our deep concern over the sector's addiction to international student fee income. It subsidizes our domestic teaching and research and has been used to bolster university finances while the Government's contributions have steadily declined over the last decade. The graph below shows the historical fall in government grant scheme funding in comparison with the growth in international student fee revenue for the sector (2006 – 2018).

<sup>15</sup> Minister for Education The Hon Dan Tehan *MP International education makes significant economic contribution* Media Release 22 November 2019 <https://ministers.dese.gov.au/tehan/international-education-makes-significant-economic-contribution>

**Chart 1: Commonwealth Grants Scheme Funding vs Overseas Fee Income as percentage of total revenue**



Source: NTEU analysis of data from Department of Education, Skills and Employment - Higher Education Statistics Data Cube (uCube) university finance collection.

The data in the graph above reflects successive Governments' policy approaches to higher education over the years, with public funding decreasing and universities looking to alternative sources – international student enrolments – to plug the increasing gap. Although not reflected above, the 2017-2019 CGS funding freeze drove international student enrolments even higher, and in 2018, international student fees contributed 26.3% of all income to the sector in 2018. Overall, total Australian university fee revenues from overseas students more than doubled from 2012 to 2018: increasing from \$4.1b in 2012 to \$8.9b in 2018.

By 2018, this income amounted to 26% of total university earnings, an increase of 117%.

However, not all universities are equally dependent on international students, or even on China as a source country. In fact, some are much more dependent on international students in general (and Chinese students in particular) than are others.

Universities do not readily publish data on their international enrolments by country sector. However, the following information has been compiled using Department of Education and Training data, as well as media reports, various State's Auditor General reports and the discussion paper by Salvatore Babone, *The China Student Boom and the Risks It Poses to Australian Universities* (CIS Analysis Paper 5, Sydney, Centre for Independent Studies, August 2019).

Looking at data from 2017 – 2018, Babone found the Australian universities with the greatest exposure specifically to the Chinese international student market were University of Melbourne (Melbourne), Australian National University (ANU), University of Sydney (Sydney), University of NSW (UNSW), and University of Technology, Sydney (UTS). In 2017, international enrolments at these universities all exceeded 30% of the total student body, and all five universities hosted most of their international

students onshore (although UNSW reported hosting 30.6% of its international students offshore in 2017 despite no longer having any international campuses).

Indicative financial charts published in 2018 by the Audit Office of New South Wales suggest that Chinese students accounted for approximately 71% of international student revenue at Sydney, 74% at UNSW and 59% at UTS in 2017 (Audit offices in other states do not supply analysis that specifies the breakdown of Chinese students at institutional level).

Babone's paper also cited additional media reports that Chinese students account for 60% of combined international enrolments at Australia's Group of Eight (Go8) group of research-intensive universities, which includes the ANU, Melbourne, Sydney, and UNSW (but not UTS). The report collated data from additional sources such as university annual reports, and compiled the following table to provide a summary of those institutions with the greatest reliance on this single market (in 2017), including estimations of international fee income:

**Table 3: Estimated Chinese Student Fee Revenue for Seven Focus Universities 2017**

University	(1) International students as a % of all students (DET data for 2017)	(2) Chinese students as a % of international students (best available data)	(3) % of international student revenue generated by Chinese students†	(4) International student fee revenue (DET data for 2017)
Adelaide	28.2%	53.8%	58.6%	\$204,088,000
ANU	35.8%	59.1%	64.4%	\$254,396,000
Melb	36.6%	50%*	54.5%	\$752,354,000
Qld	29.5%	50%*	54.5%	\$471,327,000
Sydney	35.7%	66.7%	71%	\$752,210,000
UNSW	33.8%	68.8%	74%	\$603,063,000
UTS	31.8%	52.3%	59%	\$302,662,000

University	(5) Total university revenue from continuing operations (DET data for 2017)	(6) Estimated Chinese student fee revenue	(7) Estimated Chinese student fee revenue as a % of university revenue	(8) Level of confidence in the estimate
Adelaide	\$929,210,000	\$119,681,285	13%	high
ANU	\$1,225,585,000	\$163,879,359	13%	high
Melb	\$2,501,975,000	\$410,032,930	16%	Very low
Qld	\$1,828,356,000	\$256,873,215	14%	Med
Sydney	\$2,345,182,000	\$534,069,100	23%	Very high
UNSW	\$2,018,976,000	\$446,266,620	22%	Very high
UTS	\$953,561,000	\$178,570,580	19%	Very high

Source: Salvatore Babone, *The China Student Boom and the Risks It Poses to Australian Universities*, CIS Analysis Paper 5, Sydney, Centre for Independent Studies, August 2019.

\* Data are not publicly available for UQ and UM; the number is probably slightly over 50% for UQ but is unknown for UM

While there is some caution in the estimations (noting the level of confidence in the estimates) the research none the less provides a useful over-view of the dependence of the sector not just on international student fee income, but on one particular market, which may take some time to recover from the COVID-19 crisis.

Reinforcing and expanding on the Babone's study, Birrell and Betts report (released in June 2020), found that universities with the highest enrolments of Chinese students are the leading institutions in the Group of Eight (Go8) research universities, where the promotion of prestigious top ranking research

intensive universities has been successful in the Chinese education market. However, Birrell and Betts have specifically looked at the impact of COVID-19 on the international student market in Australia. Not surprisingly, they found the Go8 institutions to have also lost substantial fee revenue that would otherwise have been boosted by international students, such as income from accommodation, parking and other services (including remedial English training). They calculate the losses could be as much as \$400m (US\$269m) compared to the budget expectations for the largest Go8 universities.

In comparison, the Birrell and Betts report found for other Australian universities the share of commencing students from overseas was lower on average, at only 28% in 2018. In the case of these universities, most overseas students came from the Indian subcontinent, especially India and Nepal. Thus, they project the losses to be less than for the Go8 institutions – but, it should be noted, that all universities that rely on overseas student revenue will be impacted.

Table 4 below gives an idea of the level of institutional dependence on international enrolments and income. It calculates the percentage of overseas students enrolled with all Higher Education Providers (HEPs), with the non-university providers noted as a sub total.

These figures are total enrolments so will include offshore and onshore enrolment figures – however, as universities rely on income from both, it's useful to include these. Most universities have relatively low offshore numbers, with the exception of Murdoch university, which is the outlier with around 81% of offshore students (2017) within its total international student cohort. Most Australian universities rely on international students for more than 20% of total enrolments, and all but two (the University of New England and Notre Dame) are above 10%.

The higher percentages (excluding non-university providers) have been highlighted below:

**Table 4: Domestic and International Student Enrolments 2018**

2018		Enrolment Count			
		Domestic	Overseas	Total	% of international students
NSW	Avondale College of Higher Education	1,127	130	1,257	10.3%
	Charles Sturt University	32,537	10,813	43,350	24.9%
	Macquarie University	32,796	11,748	44,544	26.4%
	Southern Cross University	13,714	4,949	18,663	26.5%
	The University of New England	21,950	1,494	23,444	6.4%
	The University of Newcastle	29,021	5,841	34,862	16.8%
	The University of Sydney	40,777	26,041	66,818	39.0%
	University of New South Wales	39,312	23,114	62,426	37.0%
	University of Technology Sydney	30,745	15,257	46,002	33.2%
	University of Wollongong	19,249	15,079	34,328	43.9%
	Western Sydney University	41,228	7,193	48,421	14.9%
	Non-University Higher Education Institutions (excluding Avondale)	34,180	25,444	59,624	42.7%
	<b>Total</b>	<b>336,636</b>	<b>147,103</b>	<b>483,739</b>	<b>30.4%</b>
VIC	Deakin University	45,075	14,310	59,385	24.1%
	Federation University Australia	8,656	8,930	17,586	50.8%
	La Trobe University	29,425	9,840	39,265	25.1%
	Monash University	45,183	38,295	83,478	45.9%
	RMIT University	37,734	31,552	69,286	45.5%
	Swinburne University of Technology	31,942	10,429	42,371	24.6%
	The University of Melbourne	41,516	26,568	68,084	39.0%
	University of Divinity	1,453	155	1,608	9.6%
	Victoria University	16,158	11,058	27,216	40.6%
	Non-University Higher Education Institutions	6,235	26,146	32,381	80.7%
	<b>Total</b>	<b>263,377</b>	<b>177,283</b>	<b>440,660</b>	<b>40.2%</b>



QLD	Bond University	2,986	3,342	6,328	52.8%
	CQUniversity	17,589	7,517	25,106	29.9%
	Griffith University	39,436	8,563	47,999	17.8%
	James Cook University	14,680	6,123	20,803	29.4%
	Queensland University of Technology	41,803	8,966	50,769	17.7%
	<b>The University of Queensland</b>	<b>35,648</b>	<b>18,055</b>	<b>53,703</b>	<b>33.6%</b>
	University of Southern Queensland	22,742	2,867	25,609	11.2%
	University of the Sunshine Coast	13,583	4,041	17,624	22.9%
	Non-University Higher Education Institutions	7,090	2,011	9,101	22.1%
	<b>Total</b>	<b>195,557</b>	<b>61,485</b>	<b>257,042</b>	<b>23.9%</b>
WA	Curtin University	35,468	13,179	48,647	27.1%
	Edith Cowan University	23,863	6,033	29,896	20.2%
	<b>Murdoch University</b>	<b>15,021</b>	<b>9,101</b>	<b>24,122</b>	<b>37.7%</b>
	The University of Notre Dame Australia	11,469	252	11,721	2.1%
	The University of Western Australia	19,075	5,389	24,464	22.0%
	Non-University Higher Education Institutions	1,298	3,294	4,592	71.7%
	<b>Total</b>	<b>106,194</b>	<b>37,248</b>	<b>143,442</b>	<b>26.0%</b>
SA	Flinders University	20,505	5,279	25,784	20.5%
	The University of Adelaide	19,072	7,839	26,911	29.1%
	<b>Torrens University Australia</b>	<b>7,310</b>	<b>6,063</b>	<b>13,373</b>	<b>45.3%</b>
	University of South Australia	27,222	5,743	32,965	17.4%
	Private Universities and Non-University Higher Education Institutions	5,357	4,163	9,520	43.7%
	<b>Total</b>	<b>79,466</b>	<b>29,087</b>	<b>108,553</b>	<b>26.8%</b>
TAS	University of Tasmania	28,868	7,325	36,193	20.2%
	<b>Total</b>	<b>28,868</b>	<b>7,325</b>	<b>36,193</b>	<b>20.2%</b>
NT	Batchelor Institute of Indigenous Tertiary Education	18		18	0.0%
	Charles Darwin University	9,439	1,991	11,430	17.4%
	<b>Total</b>	<b>9,457</b>	<b>1,991</b>	<b>11,448</b>	<b>17.4%</b>
ACT	<b>The Australian National University</b>	<b>15,820</b>	<b>10,575</b>	<b>26,395</b>	<b>40.1%</b>
	University of Canberra	13,163	3,405	16,568	20.6%
	Non-University Higher Education Institutions	1,113	3	1,116	0.3%
	<b>Total</b>	<b>30,096</b>	<b>13,983</b>	<b>44,079</b>	<b>31.7%</b>
Multi-State	Australian Catholic University	29,557	4,471	34,028	13.1%
	Non-University Higher Education Institutions	3,202	134	3,336	4.0%
	<b>Total</b>	<b>32,759</b>	<b>4,605</b>	<b>37,364</b>	<b>12.3%</b>
<b>Total</b>		<b>1,082,410</b>	<b>480,110</b>	<b>1,562,520</b>	<b>30.7%</b>

Source: Department of Education, Skills and Employment - Higher Education Statistics Data Cube (uCube) which is based on the student and staff data collections.

In terms of actual EFTSL student hours generated, 86.5% of international higher education students are enrolled full-time, compared to only 65.2% of domestic students. Across the entire Australian higher education sector (including both universities and other providers), international students accounted for 28.5% of all students in 2017, but 30.4% of EFTSL.<sup>16</sup> This is particularly relevant when it's understood that international students generally pay much higher fees — in the case of undergraduate students, often more than three times higher. To illustrate the impact, the Birrell and Betts report found that in relation to international fee revenue, the Go8s have (until now) profited considerably, charging \$40,000

<sup>16</sup> Salvatore Babone, *The China Student Boom and the Risks It Poses to Australian Universities*. CIS Analysis Paper 5, Sydney, Centre for Independent Studies, August 2019.

plus a year for their undergraduate and for postgraduate masters courses, while other universities have charged around \$25,000 a year for the same courses.

In contrast, the number of domestic student enrolments by field of study has been controlled, as have student fees. And the prestigious universities could not charge higher fees for domestic students than other universities. Thus, universities have aggressively sought to expand the international student market (with the assistance of Government), as the funding returns are considerably higher than for domestic enrolments.

While Babone's paper was pre-COVID-19 and Birrell and Betts focused more on current impacts, another recent paper by Ian Marshman and Frank Larkins *Modelling Individual Australian Universities Resilience in Managing Overseas Student Revenue Losses from the COVID-19 Pandemic* (2020)<sup>17</sup> tracked the predicted revenue losses resulting from the decrease in international student revenues of all 38 Australian public universities through to 2024. In doing so, they found that while all universities face very serious challenges, there were varying degrees of financial management risk, and this was not entirely related to loss of international student numbers.

Marshman and Larkins established three separate risk categories in accord with identified financial challenges. Universities were predicted to face either high, medium or low risks over the period from the present to 2024.<sup>18</sup>

Seven universities are placed in the highest financial management risk category – Monash, RMIT, UTS, La Trobe, Central Queensland, Southern Cross and Canberra universities. Another 13 universities are assessed to face medium financial management risk. The remaining 18 universities, just under half of the total sector institutions, were categorised as facing management risks that are of lower severity. The nature of the risk varied according to the relative reliance on international fee revenue and, importantly, the underlying financial resilience of individual institutions.

Marshman and Larkins found the adverse consequences of the COVID-19 pandemic on the university sector to be both immediate as well as likely to endure for many years. Their paper raises a number of strategic policy choices that could be used to mitigate predicted losses, but they note "*These choices are likely to result in changes to sector-wide operational practices more profound than anything experienced since the establishment of the unified national system in the early 1990s.*"

Finally, it is worth noting that investment firm Moodys<sup>19</sup> has rated Australian universities to be at the greatest immediate credit risk internationally in the OECD, due primarily to our heavy reliance on international students and the timing of our academic year, which began in February/March 2020, just as COVID-19 was beginning to have an international impact.

However, sector forecasts are now for the crisis to deepen over the year 2020-21 with the number of international students enrolled in higher education Australia possibly falling by up to half by mid-2021.<sup>20</sup>

---

<sup>17</sup> Ian Marshman and Frank Larkins, *Modelling Individual Australian Universities Resilience in Managing Overseas Student Revenue Losses from the COVID-19 Pandemic*, Discussion Paper, May 2020, [https://melbourne-cshe.unimelb.edu.au/\\_data/assets/pdf\\_file/0009/3392469/Australian-Universities-COVID-19-Financial-Management.pdf](https://melbourne-cshe.unimelb.edu.au/_data/assets/pdf_file/0009/3392469/Australian-Universities-COVID-19-Financial-Management.pdf)

<sup>18</sup> It should be noted however, that the focus was on the loss of overseas fee revenue. Other sources of potential revenue loss and other COVID-19 related expenses were not been modelled in the study.

<sup>19</sup> Moody's Investment Firm *Global Impact Assessment Report* published April 7th 2020.

<sup>20</sup> Bob Birrell and Katharine Betts *The Crisis in the Overseas Student Industry: How should government respond?* Australian Population Research Institute, June 2020.

In 2018-19, the Australian government issued a little more than 142,000 higher education visas off-shore but only a fraction of this number are likely to be issued in 2020-21.

Despite this, Government has failed to provide adequate support. Instead, the Government has flagged that it wishes to revisit the issue of migration, noting that the largest number of skill migration is from student visa holders.

### ***2.3 Other Losses Incurred by Universities***

Universities have also suffered considerable commercial losses due to COVID-19, including losses in domestic student revenue, particularly in price sensitive postgraduate programs (and noting that some institutions will be offering the Government endorsed micro-credentials/short courses at a loss), losses in the in HECS-based enrolments (and while the Australian Government has guaranteed previously determined levels of Commonwealth Grant Scheme funding for 2020, institutions that over enrolled on CGS students – following three years of a CGS funding freeze – will be further impacted). While there will also be losses in commercial income such as conferencing, accommodation and catering, the immediate and longer-term loss in industry sponsored research and a possible further curtailment of public sector research funding is of greater concern.

Examples of the level of impact include La Trobe University, which expects a loss of \$70m from student revenue, and \$50m from commercial activities. Similar ratios at other universities have been disclosed to the NTEU on a confidential basis.

Universities have also faced considerable increased costs as a result of COVID-19, including the costs of moving teaching online under extreme time pressure and costs associated with supporting international students suffering financial hardship due to loss of employment and inability to access government support. Every university with international students has provided financial support. Melbourne university, for example, has paid emergency grants, of \$7,500 each, to thousands of international students in the absence of government support.

Regardless of where these occur, reductions in revenue, along with additional cost increases, will aggravate the vulnerability of individual universities.

### ***2.4 Impact on University Capital Expenditure***

There is also concern on the impact of COVID-19 on plans for capital development by institutions. Indeed, most universities have announced a halt to plans on capital works and maintenance budgets have also been clawed back. While institutions are more likely to borrow for capital works, the likelihood is that the revenue crisis will see institutions delay, defer or abandon capital works plans for some time. This will have an impact not just on bricks and mortar projects, but in areas such as teaching delivery, IT infrastructure and research.

We believe this is an area that Government can and should provide support. We note that the closure of the Education Investment Fund in the 2014-15 budget heralded the withdrawal of the commonwealth

from tertiary sector capital investment.<sup>21</sup> The \$3.7b remaining in this fund was repurposed by the government. Prior to this, in 2012, the Capital Development Pool was closed.<sup>22</sup>

Universities, now, face significant infrastructure development costs that they have largely financed through taking on debt in the private market or through current revenue. However, as noted in 2020 the majority of universities immediately paused infrastructure development in response to COVID-19 shortfalls as this spending is not attached to any external funding.<sup>23</sup> This pay-when-you-can approach to teaching and research infrastructure investment threatens to leave universities behind internationally.<sup>24</sup>

The absence of federal infrastructure funding has also put pressure on universities to maximise non-government income, including from international students and commercial activities – universities have also taken on increased private debt to fund infrastructure.<sup>25</sup> In 2020 Victoria announced a \$350m fund to fill the federal and COVID-19 related shortfall. This state by state approach however risks leaving states with lower income or political will behind. Ideally, the federal government should resume its funding of university infrastructure.

### 3. The Impact of COVID-19 on Research

Universities are the biggest centres of research in Australia, and this research has been highly vulnerable to direct and indirect impacts of COVID-19. A little over half of the research workforce in universities is comprised of postgraduate research students,<sup>26</sup> and, as will be discussed below, over half of research funding in universities comes from internal university funds. The combination of these factors means that COVID-19 has already directly reduced the research capacity of universities, and this reduction will likely persist for several years.

A recent Rapid Research Information Forum report has shown that 9000 international research students may not have been able to resume their research in Australian universities due to travel restrictions imposed due to COVID-19 and existing visa restrictions. Universities have so far been permitted to extend scholarships by six months for affected students, however these extensions have not been funded by increases to research block grants. This report also found that at least 7000 research jobs are at risk in the university sector because of COVID-19.

---

<sup>21</sup> Department of Education, “Education Investment Fund” Accessed May 28 2020 <https://www.education.gov.au/education-investment-fund>

<sup>22</sup> *Universities Australia, The Facts on University Funding*, April 2017 <https://www.universitiesaustralia.edu.au/wp-content/uploads/2019/05/University-Financing-Explainer-April-2017.pdf>

<sup>23</sup> For example University of Sydney stopped capital works as early as 3 March 2020, before the full impact of COVID-19 was known <https://www.sydney.edu.au/news-opinion/news/2020/03/03/safeguarding-against-the-financial-impact-of-covid-19-.html>

<sup>24</sup> “Uni rankings slide prompts questions about capital expenditure teaching budgets,” *AFR*, 27 September 2020 <https://www.afr.com/policy/health-and-education/srfuture-20180913-h15csp>

<sup>25</sup> “Coronavirus: Universities graduating from pandemic with a heck of debt,” *The Australian* 4 June 2020 <https://www.theaustralian.com.au/higher-education/coronavirus-universities-graduating-from-pandemic-with-a-heck-of-debt/news-story/>

<sup>26</sup> Rapid Research Information Forum, “Report: impact of pandemic on Australia’s research workforce” 2020 <https://www.atse.org.au/news-and-events/article/rapid-research-information-forum-rrif/>

The report claims several research projects have completely halted in the absence of research students.<sup>27</sup> In universities, revenue from international students is also used to partially cover the costs of research. As discussed above, international student fees contributed an average 26% of universities' operating revenue in 2018. These funds largely contributed to general university funds available for research. As shown in Table 5 below, 56 per cent of all university research spending, or \$6.8b in 2018, came from general university funds. The Rapid Research Information Forum report estimated that research funding from general university revenue will decrease to \$1.8b in 2020, with ongoing lost research spending in subsequent years.<sup>28</sup> This will also directly impact on the ability of affected universities to win grants, further compounding the decline. This is because a large portion of federal university research funding comes in the form of competitive grant programs via the Australian Research Council and the National Health and Medical Research Council. These programs require universities to heavily co-contribute to projects to receive grant funding – including through direct cash amounts, and in-kind contributions in paid staff time and physical infrastructure. This dynamic has also contributed to Universities need to secure international student fee income.

**Table 5: Sources of research funding in Australian Universities 2000 and 2018**

Source of funds	2000	%	2018	%
Australian competitive grants				
Commonwealth schemes	483,416	17.3%	1,700,454	14.0%
Other schemes	12,065	0.4%	73,656	0.6%
<b>Total</b>	<b>495,481</b>	<b>17.8%</b>	<b>1,774,110</b>	<b>14.6%</b>
General university funds	1,760,882	63.1%	6,822,562	56.1%
Other commonwealth government	166,504	6.0%	1,891,230	15.6%
State and local government	87,859	3.1%	457,013	3.8%
Business	136,221	4.9%	521,889	4.3%
Donations, bequests and foundations	58,864	2.1%	300,531	2.5%
Other Australian	23,290	0.8%	96	0.0%
Overseas	60,652	2.2%	390,396	3.2%
	<b>2,789,753</b>		<b>12,157,827</b>	

Source: Compiled from ABS 8111.0 - Research and Experimental Development, Higher Education Organisations, Australia, 2018  
<https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/8111.02018?OpenDocument>

Research funding from general university funds is also supported by the traditional teaching-research model of academia, whereby most academic staff perform some teaching and some research, with each supporting the other. This model has come under considerable pressure in recent years, as universities have sought to rapidly upscale the volume of students taught. The Rapid Research Information Forum report noted that budgetary pressures due to Covid-19 has led to a rapid reduction in casual teaching staff, and subsequent increased teaching workloads for traditional mixed teaching-research academic staff, reducing research capacity.<sup>29</sup> This situation may continue for years. The NTEU has observed that when teaching workloads are increased it is very difficult to decrease them again and academic staff performing extra teaching often permanently lose valuable research skills and momentum in an industry that sees rapid and consistent publication outputs as the only marker of relevance. On a more practical level research has also been impacted by the ability of staff to access laboratory spaces or to work safely in these spaces – for example James Cook University closed remote island research stations early in the crisis.

<sup>27</sup> Rapid Research Information Forum, "Report: impact of pandemic on Australia's research workforce" 2020  
<https://www.atse.org.au/news-and-events/article/rapid-research-information-forum-rrif/> p.3

<sup>28</sup> Rapid Research Information Forum, "Report: impact of pandemic on Australia's research workforce" 2020  
<https://www.atse.org.au/news-and-events/article/rapid-research-information-forum-rrif/>

<sup>29</sup> Rapid Research Information Forum, "Report: impact of pandemic on Australia's research workforce" 2020  
<https://www.atse.org.au/news-and-events/article/rapid-research-information-forum-rrif/>

Research funding has long been overdue for review – as noted, it is heavily subsidised by university discretionary funding, largely from international student fee income. As such the impacts of COVID-19 restrictions (and falls in international student fee income) will have an on-going impact for Australia's research sector.

Should we lose our best and brightest researchers in the fall out from COVID-19, it will take years, even decades, to recover that intellectual capital. In a post-COVID-19 recovery it is vital that Australia's research and innovation sector – of which the largest component is within higher education - plays an integral part, yet in all the stimulus measures offered by Government to date, there has been almost no targeted funding for research.

The NTEU believes that there must be a targeted recovery program by Government to support our research sectors, which could also encourage industry support and investment. However, it should not be limited to commercial research only, as some of Australia's most innovative discoveries have come from blue sky/pure research.

#### 4. The Impact COVID-19 on Jobs

As a direct result of the crisis, the NTEU and Universities Australia both projected job losses of around 20,000 FTE or at least 30,000 actual workers. Initially the impact was felt by casual and contract staff, with lost hours or expected work, primarily due to the drop in international student numbers or because their courses could not be delivered online. Also affected were research staff that could not continue work from home lost hours or projects (and employment) and general/professional staff whose jobs could not be done remotely. Of the casual/contract staff that remained, many reported substantial increases in workload and pressure to work additional hours unpaid. Permanent staff also have reported increased workloads due to the loss of casual and contract staff.

However, the way university finances are structured mean that the bulk of job losses are likely to be delayed and will start to be seen in second semester. After running down their cash reserves and exhausting other avenues of savings (such as ceasing non-essential expenditure and refinancing), many institutions are likely to be looking at substantial gaps in income versus expenditure. Furthermore, less students and fewer research projects will see a contraction in the core activities of teaching and research.

Thus far, the NTEU has seen the start of generalised stand downs, voluntary separations and forced redundancies, increased workload allocations and other measures that are aimed to save on staff expenditure. Below is a table providing a summary of the staff reductions and other measures that university managements are enacting to cut expenditure.

**Table 6: Staff Impacts of COVID-19 Reported to the NTEU up to 4 June 2020, by Institution**

Australian National University	28-May Requested staff to consider a pay freeze, announced voluntary redundancies, reduced renewals of casual and fixed term staff
The University of Adelaide	27-Mar Hiring Freeze announced 15-Apr All non-essential casuals ceased employment 17-Apr Staff asked to voluntarily use leave
AIT	6-Apr Continuing teaching staff made redundant and replaced with new casuals
CQU	19-May CQU announces 182 staff taking voluntary redundancies under a major restructure Late May Details of Forced Redundancies to be announced



	29-May Announced 99 forced continuing staff redundancies, cuts to courses, with further restructuring TBA
Curtin University	8-Apr Uni announces unlawful mandatory leave attempted to deduct extra leave over Easter 27-Mar Curtin Stadium Shutdown. All casuals terminated with no notice period. Continuing staff stood down. 17-Apr Freeze on almost all hiring 17-Apr Staff pressured to take leave, threatened to have leave reduced automatically, capital works frozen 26-May Timing of leave restricted, pressure to take all leave this year 26 May Casuals reduced, academic teaching work allocations increased to maximum, workload models circumvented 26 May Fixed Term staff renewals frozen
Deakin	25-Apr Announced 300 forced redundancies and 100 another vacant positions not to be filled
Edith Cowan University	8-Apr Staff "expected" to take 4 weeks leave 15-Apr Academic study leave no longer approved, hiring freeze
Federation University	26-Apr Hiring freeze
Flinders University	3-Apr Library staff stood down, College general staff effectively stood down
Griffith	31-Mar General Staff Fixed terms not being renewed, Hiring Freeze 14-Apr Increased teaching loads, all casuals centrally approved, review of courses on offer 22-Apr Made 12 redundancies in digital services.
James Cook University	31-Mar Orpheus Island Research station Shutdown 31-Mar Minimisation of all casuals where work no longer necessary - letters sent to some casuals
La Trobe	9-Apr 10 Stand downs , 1 redundancy La Trobe College 16-Apr from May 1 Essential casuals only - many casuals lost 16-Apr Staff pressured to hand back leave, take leave, reduce time fractions, hand back toil, forgo leave loading 23-Apr La Trobe College Asked to reduce fractions by 0.2 while on JobKeeper (voluntary) 12-May Announced restructure and voluntary redundancies to be made
Macquarie University	1-Jun Announces review and consolidation of courses
University of Melbourne	22-May Seeking EA Variation to ask staff to forgo annual pay-rise 28-May Announces "only essential" fixed term and casual staff will be renewed
Monash University	20-Apr All Students Association staff reduced by 0.2FTE 21-Apr Fixed terms no longer being renewed 12-May Academic staff asked to take on work usually done by casuals, casuals let go 6-Apr Business School 7 academic staff asked to voluntarily reduce from 1fte to 0.7fte due to reduced students
Murdoch	15-Apr moving all academic staff to 80% teaching where possible
Newcastle	6-Apr Staff (incorrectly) directed to take 5 days leave over Easter
QUT	24-Apr Reviewing operations with major restructure planned 29-May Announced restructure merging 6 division into 3
Redhill Education	31-Mar 80 general staff stood down
RMIT	16-Apr Large number of casuals terminated 7-May Academic staff asked to volunteer to do extra tutorials so that they can reduce casuals
Swinburne	1-Apr Casuals let go from Migrant English 23-Apr All staff fractions reduced to 0.9 automatically (later revoked) 23-Apr reduction in sessional employment and larger class sizes introduced 28-Apr staff pressured/instructed to reduce annual leave before end of April 24-Apr tutorials and labs in some departments replaced by Q&A's of reduced duration
University of Sydney	9-Apr Sciences Lab demonstrators have lost work, as moved online 1-May Units cancelled in Faculty of Arts and Social Sciences and casuals let go
University of Canberra	23-Apr Staff asked to voluntarily take Rec Leave and LSL as first stage savings. No announcement of what 2nd and 3rd stages are. 23-Apr Hiring Freeze
University of New South Wales	14-Apr Staff asked to consider extra Leave, reduced fractions, and retirement 28-Apr Stand downs in Areas where work has stopped, some job losses 28-Apr Significant Restructure announced involving forced redundancies (Taskforce to report by June) 28-May Announced around 6 forced redundancies in child care centre
University of Queensland	22-May Staff Fractions reduced where workload has reduced
University of Sunshine Coast	22-May Voluntary redundancies
University of Tasmania	March Program restructure acceleration of pre-COVID restructure)
University of Technology Sydney	25-May Leave bonus incentive scheme announced
University of Western Australia	1-Apr Hiring freeze, staff development freeze, travel reductions, executive pay 20% reduction, expense accounts frozen, capital & project spending frozen 16-Apr 109 general staff in Dentistry put on mandatory leave, to be stood down
University of Western Sydney	25-May Call for Voluntary Redundancies

	25 May Seeking Enterprise Agreement variation to reduce staff leave
University of Wollongong	4-Jun University asks staff to consider 10% pay cut in exchange for saving up to 200 continuing jobs
Victoria University	30-Apr 40 casuals lost all shifts in Library May Mandatory Flexible work arrangements including reduced work hours proposed

Source: Internal NTEU Research

## 5. The Impact of COVID-19 on Vulnerable Staff

While the impact of COVID-19 is being felt across the sector by all staff, some staff are clearly at more risk than others. The NTEU is particularly concerned over the ramifications for women in research (especially in STEM areas),<sup>30</sup> low paid staff and those insecurely employed (again, the majority of which are women). We are also highly concerned over the impact of the fallout from COVID on Aboriginal and Torres Strait Islander staff. Again, these goes to the need for targeted government support for the sector in order to ameliorate the impact on these staff in particular.

### Women in Universities

It's a known fact that the university workforce is highly feminised, with around 56% of all staff in the sector women. As we know however, they are not evenly distributed, with larger numbers of women in the mid to lower levels and a distinct gender bias at the more senior levels in favour of men. Even in general and professional staff areas, which are overwhelmingly feminised, the proportion of women decreases the higher the position level, particularly at executive levels.

Women are 1.5 times more likely to be in insecure jobs in the overall university workforce.<sup>31,32</sup> While vulnerability to job losses will vary from discipline to discipline, in some areas the proportion of women in insecure employment is exceptionally high – for example in mathematics, 64% of all women in academic positions are in casual jobs.<sup>33</sup> Casual and fixed-term positions are the least secure, yet collectively, there are more women than men in these roles.

In a submission to the Federal Government on the effects of COVID on Australia's research capabilities by the Rapid Research Information Forum (RRIF), chaired by Chief Scientist Alan Finkle, it was reported:

*“University job losses of up to 21,000 full time equivalent (FTE) positions are projected over the next six months of which an estimated 7,000 could be research-related academic staff. There are concerns that women, early-career researchers and recent graduates will disproportionately experience negative impacts.”<sup>34</sup>*

The report notes further:

<sup>30</sup> “Virus puts STEM women careers at risk” *Campus Morning Mail*, 22 May 2020 <https://campusmorningmail.com.au/news/virus-puts-stem-women-careers-at-risk>

<sup>31</sup> Universities Australia. *Investment in university research an investment in COVID-19 recovery*. (2020).

<sup>32</sup> Scholarship in Teaching. *Using workplace gender equality agency statistics for universities*. <https://scholarlyteaching.net/wgea-stats-for-universities/>

<sup>33</sup> Rapid Research Information Forum *The impact of COVID-19 on women in the STEM workforce* May 17 2020 <https://www.science.org.au/covid19/women-stem-workforce>

<sup>34</sup> Rapid Research Information Forum *Key Findings-The impact of COVID-19 on women in the STEM workforce* May 17 2020 <https://www.science.org.au/covid19/women-stem-workforce>



*“Job insecurity is emerging as an even more troubling issue for women in STEM than for men. High proportions of women employed in short-term contract and casual jobs are likely to be threatened by cuts to research and teaching jobs”<sup>35</sup>*

The NTEU agrees with this analysis. Our own experience is that women are impacted disproportionately when universities make cuts. In the absence of a real Federal rescue package for the sector, and with universities excluded from the Federal Government’s job protection program (JobKeeper), the funding crisis that’s hit the sector is likely to expand further. Women are in the firing line of this crisis.

The Union is also aware of the increased risk to health and safety that has come with the COVID-19 crisis, and that it is a gendered issue; with women taking on the bulk of care should family members become ill, or be required to school from home. The RRIF report noted:

*“Early evidence on the impact of the epidemic suggests women face disproportionate increases in caring responsibilities and disruptions to working hours, job security and paid work capacity. This is most acute for those with children under 12.”<sup>36</sup>*

There is also evidence that levels of domestic and family violence have increased partly as a result of social isolation and added domestic stresses, such as all family members being in the same environment constantly or becoming unemployed.<sup>37</sup> The NTEU views domestic and family violence as a workplace issue, noting that the impact does not stop once the victim leaves home. However, in an environment where the target of the violence is working from home, the risk to that person from their perpetrator increases dramatically.

The Union is also concerned that COVID-19 being used as a smokescreen by managements who want to performance manage staff or block career progression. Indeed, the RRIF report found that COVID-19 is likely to disproportionately hinder women’s careers in STEM, due to reduced career opportunities, the high proportion of women in precarious employment, and the likelihood of university managements to wind back equity programs that promote STEM workforce diversity. In particular, the RRIF reported that women from diverse backgrounds will face additional barriers to entry, retention, and progression in the STEM workforce as a result of COVID-19.

There is a real danger that, under the guise of the COVID-19 crisis, university managements will try to push for broader restructures, redundancies, and increased casualisation through their ‘flexible employment’ models, which Union experience has shown to disproportionately impact women. For many university managements, the COVID-19 crisis has presented them with an opportunity to attempt widespread IR changes.

### Casual staff

In noting the predominance of women in insecure employment (see above), casual and short-term contract jobs more broadly have been the first to go in cost saving measures employed by universities and other higher education providers (such as ELICOS centres). In many cases, managements started to shed casual, sessional and contract staff even prior to the commencement of the academic year.

---

<sup>35</sup> Rapid Research Information Forum Report-The impact of COVID-19 on women in the STEM workforce May 17 2020  
<https://www.science.org.au/covid19/women-stem-workforce> p1

<sup>36</sup> Rapid Research Information Forum Report-The impact of COVID-19 on women in the STEM workforce May 17 2020  
<https://www.science.org.au/covid19/women-stem-workforce> p1

<sup>37</sup> Julia Baird Domestic abuse advocates warn of an increase in violence amid coronavirus crisis March 20, 2020 ABC The Drum  
<https://www.abc.net.au/news/2020-03-20/domestic-violence-spike-amid-coronavirus-crisis/12074726?nw=0>

It is important to understand that higher education is one of the sectors with the highest levels of precarious employment already. As there are no officially reported figures on actual numbers of insecurely employed university staff nationally (despite other modes of employment being reported on in detail) the NTEU estimates there to be around 100,364 actual casuals/short term employed in the sector.<sup>38</sup> The majority of staff who are insecurely employed are teaching and/or work as researchers (usually on rolling contracts), although there is a sizable percentage of general, technical and professional staff who are also employed insecurely. Indeed, startling research undertaken by the NTEU in 2018 found that only around one in three (35%) of all university employees have secure jobs.<sup>39</sup>

To illustrate, the recently released audited reports from Victorian universities (the only state where public universities are required to reveal their levels of casual employment by headcount) showed that up to almost 73% of staff were insecurely employed (see Table 7 below).

**Table 7: Victorian Universities Reported Insecure Employment 2019**

University	All employees	Fixed term & casual	% insecure	Men insecure	Women insecure	% women insecure
Fed Uni	1700	575	33.82%	240	335	58.26%
Swinburne	4820	3039	63.05%	1533	1506	49.56%
RMIT	12467	8293	66.52%	3825	4445	53.75%
Deakin	10720	7081	66.05%	2787	4245	60.37%
VU	4487	3069	68.40%	1272	1789	58.44%
La Trobe	6780	4680	69.03%	1600	3080	65.81%
Melbourne	18463	13454	72.87%	5763	7660	57.07%
Monash	16426	11961	72.82%	5177	6784	56.72%
	<b>75863</b>	<b>52152</b>	<b>68.74%</b>	<b>22197</b>	<b>29844</b>	<b>57.35%</b>

Source: NTEU analysis of 2019 Annual Reports for Victorian Universities

While the data is only for Victorian universities, it provides us with a sample of the levels of precarious employment in higher education:

- Melbourne and Monash winning first place with most insecure employment at 73% each (Melbourne slightly worse).
- La Trobe has most feminised insecure work, same as last year.
- Swinburne least feminised insecure work, same as last year.
- All institutions except Monash and La Trobe experienced increased percentage insecure work on last year.
- RMIT had a huge increase in insecure employment on last year, with 1023 more staff insecure.

It is important to note that this data is pre-COVID-19 but does give context to the job losses noted in Table 6 on *Staff Impacts of COVID Reported to the NTEU up to 27 May 2020, by Institution*. Of particular note are the mass redundancies (in the 100's) of casual staff that were announced at both RMIT and Latrobe in April and March.

In March 2020, the NTEU also conducted a targeted phone survey of casual members to determine the impact of COVID-19 on their employment. Of the members we spoke with, 41% stated they had lost work due to COVID-19 in semester one, primarily due to course cancellations or less contact hours with

<sup>38</sup> The calculation is based on the premise that for every full-time equivalent position, there are 4 casual staff employed. Thus, in 2018 (the latest time we have government figures) there were 25,091 FTE in casual or short term employed in the sector, and so one casual is 0.25fte, then 1fte = 4 casuals, x 25,091 fte = 100,364 estimated actual casuals (in 2018).

<sup>39</sup> Knies, P. The Prevalence of Insecure Employment at Australia's Universities. NTEU 2018  
<https://www.nteu.org.au/research/article/The-prevalence-of-insecure-employment-at-Australia's-universities-20541>

courses moved online. Of the casual members who did have work, 28% stated their pays had already been negatively affected by COVID-19. It was clear that casual and sessional staff were very much involved in the move of courses online, with 81% stating that their courses were now being delivered online, and almost 60% saying they were working remotely. In many of the comments we received, members told us they were working additional hours which may or may not be paid, and very few expressed that they were being adequately supported by the university in this process.

Anticipating that there may be campus closures regardless of the move to online teaching (and noting that there is a concern around health and safety for all staff, including those who are not in a position to work from home), the Union pushed universities to guarantee paid leave for all staff members, including casual and sessional staff. While we have been successful in securing guarantees from many universities to support all staff, including casual and sessional staff this is not across the board. Disappointingly, a handful of university managements have consistently refused to adequately support their staff, with some like the University of the Sunshine Coast making it clear any staff impacted by the COVID-19 must stay home and will not be paid if casual or sessional.

The focus for the Union is now on trying to secure as many jobs as possible in what will be mass redundancies, stand downs and lay-offs. However, while insecure jobs are the first to be targeted by management looking for savings in employee costs, in the long run it is very likely that permanent positions that are made redundant will be replaced by contract and casual staff. As such, the longer-term impact of COVID-19 is that we will see insecure employment, already at excessive levels, increase even more.

### Aboriginal and Torres Strait Islander Staff

Improving participation by Aboriginal and Torres Strait Islanders in higher education – be that in teaching, research, professional, technical and academic support, as well as students, has been a priority for the NTEU for many years. We have also sought to increase the involvement of these staff as Union members, ensuring they can participate in the work of the Union and to strengthen their voice in their workplaces. We have been a strong advocate for Aboriginal and Torres Strait Islander employment targets in higher education, with most institutions having some form of target in place and take some pride in having helped increase the levels of Aboriginal and Torres Strait Islander staff by 45.3% (headcount) between 2005 and 2018<sup>40</sup>.

However, the impact of COVID-19 on Aboriginal and Torres Strait Islander staff and students has had an immediate and worrying effect. University managements are already appearing to target these staff in their cost cutting and restructuring measures.

The NTEU has asked for Aboriginal and Torres Strait Islander member feedback, with the following reports submitted to the Union:

- ATSI members employed in Indigenous Student Support Program (ISSP) funded positions (Aboriginal and Torres Strait Islander General / Professional roles) being made redundant
- Rumours of changes to the Indigenous Student Support Program (ISSP) guidelines, including that the stipulation for an employment target may be removed, although this is yet to be confirmed. If this is the case it will be devastating for ATSI students, local

---

<sup>40</sup> NTEU Internal Briefing Paper *ATSI University Employment 2005 to 2018 – 3 June 2020*.

communities and Aboriginal and Torres Strait Islander staff as ISSP is main source of income).

- Indigenous Enabling Programs are being no longer offered at some institutions (e.g. Central Queensland University).
- Restructures and change management proposals being pushed forward, in one case with only five days' notice of the impending change management given to all Aboriginal and Torres Strait Islander Staff with reductions in the number of Aboriginal and Torres Strait Islander Student Support positions and those left being pushed into a competitive process for the remaining positions.
- Other reports of Aboriginal and Torres Strait Islander Leadership (PVC/DVC) not supporting their ATSI Staff adequately during managing change periods
- The loss of culturally safe places on campus.
- Concerns raised regarding COVID-19 cleaning at institutions, particularly the use of clip on microphones etc. when doing lectures
- Mainstreaming of student support and programs being undertaken as university managements look for alternative funding pools to draw from. In this situation, the aim is to use ISSP dedicated funding outside of the Aboriginal and Torres Strait Islander Student Support centre, with the Union aware of at least one Aboriginal and Torres Strait Islander staff member who now working in mainstream student support.
- Increased workloads as many Aboriginal and Torres Strait Islander staff have left the institution (casual employment not renewed, staff taking redundancy packages and not being replaced).
- Loss of Aboriginal and Torres Strait Islander residential schools at some institutions
- Aboriginal and Torres Strait Islander staff being singled out for bullying, harassment and lateral violence
- Aboriginal and Torres Strait Islander members very concerned that the Universities Australia Aboriginal and Torres Strait Islander Strategy will now be put to one side due to COVID-19 and funding losses
- Limited support for Aboriginal and Torres Strait Islander staff potentially experiencing loss of employment or seeking redundancy packages.

The Union also received a report from an ATSI member whose deteriorating mental health, exacerbated by COVID-19 related workplace stress, recently led to an attempted self-harm incident. This is extremely distressing and the NTEU is working to provide support to that member, but we note this in the context of this submission to highlight the serious nature of the COVID-19 crisis for many staff, who are suffering under increased workloads, greater workplace stress and job insecurity.

## 6. The National Jobs Protection Framework and the failure of University Governance

With mass job losses imminent throughout the sector and the Federal Government refusing to act, the NTEU decided to take direct action to try to prevent the worst effects of the impending crisis by negotiating a National Jobs Protection (NJPF) Framework with university vice chancellors and their industrial association (AHEIA). The primary purpose of the NJPF was to minimise the mass job losses and protect our most vulnerable workers, those who are insecurely employed, in financial distress and the low paid, by exempting them from cost cutting measures by university managements. Under the framework, work would stay with existing university employees, including casual and fixed term staff, with no new external appointments except under exceptional circumstances. Importantly for university workers, of which around 56% are women, superannuation payments would continue as normal regardless of any other changes, preserving both service fraction and average salary. Other guarantees included no forced stand downs without pay, coverage of working from home expenses and the maintenance of workload limits, even for those working from home, and career protection measures.

We were also aware of the increased risk to health and safety that has come with the COVID-19 crisis, so the framework ensured there would be additional support and protection for those most at risk built into the NJPF. This included enhanced support for those experiencing domestic, family or sexual violence, such as access to special paid leave and childcare. There were also provisions to protect staff who are in high risk categories for COVID-19, including those with pre-existing health conditions such as diabetes and high blood pressure. Finally, the NJPF allowed special consideration for those in financial distress, whereby the University was required to consider exemptions for those employees.

Crucial to the Framework was how it would be determined what measures the university could take, and by who. The Framework established a panel of experts who would assess the institution's financial health. This panel would consist of equal numbers of Union and management representatives, including specialists in institutional finance, and be chaired independently. The panel of experts would assess the extent of financial distress the institution was in, and what cost savings measures (within the provisions of the framework) could be applied in order to deal with the distress.

It's important to understand that the Framework's purpose was to not only constrain the number of job losses, but to allow for other cost savings measures that are currently not within existing enterprise agreements. These included options such as delaying scheduled pay rises, the taking of leave and, in some areas (noting that it was proportional and did not apply to casual or low paid staff) a limited reduction in pay and/or reduction in fraction of employment. Importantly, all measures would be time limited, and any cost savings measures would cease at the end of the nominated period. NTEU conservatively estimated that 12,000 jobs would be saved if implemented across the sector.

While not ideal, the NTEU was of the strong view that, given the ongoing refusal of the Government to assist the sector in any meaningful way, there was little choice but to act to save jobs. NTEU negotiated the Framework in good faith, ensuring that there would be an employee voice in decision making around savings, that actions were proportional to that institution's situation and that university managements would not act excessively or unilaterally.

However, while the Union acted in good faith, many university managements regrettably did not. Indeed, even before the ink was dried on the agreement, university managements across the country were simultaneously announcing that they would not be party to the framework.

Some university managements were upfront in that they did not wish to surrender any aspect of managerial prerogative by working with staff and having their institutional finances independently

assessed by the expert panel. Others falsely claimed that the Framework was ‘too extreme’ – ignoring the fact that the Framework was proportional to the institution’s financial distress, and the savings measures in the framework were allowable maximums not direct prescriptions. Almost all, however, have either commenced staff redundancies, or have flagged they will be forthcoming. The mass job losses, impacting on of a generation of some of our most talented researchers, academics, and professional staff, has commenced.

The fall out will be felt for years to come and reshape a sector with already unacceptably high rates of insecure employment. Indeed, the loss of more permanent jobs will see that increase dramatically. We know employers use insecure employment to undermine industrial rights protections and make those that remain harder to enforce. The COVID-19 crisis is being used as a weapon by anti-worker managements to implement extreme agendas.

COVID-19 has also, once again, shown the issues around university governance and in particular the level of corporatisation in universities. The framework that allowed wage concessions in order to ensure job security, negotiated with three VCs representing the industry, resulted in only three out of 39 VCs accepting the deal (as of 5 June 2020) and over half outright rejecting it. We understand that much of the resistance came from university chancellors, who for the most part now, come from business or corporate backgrounds, on the spurious grounds that handing assessment of their finances to an expert panel would undermine their legislative obligations to self-govern. Even when presented with expert legal advice that amending an enterprise agreement in the way proposed gave up no more managerial rights than an enterprise agreement normally does, some still maintained that objection. It is therefore disappointing, but not surprising, that they would rather retrench staff than work with staff to save jobs. Clearly, universities are now embedded in a corporatized culture that rejects financial transparency and accountability in favour of managerial prerogative, forgetting completely the role of universities as institutions of public good.

Yet, by rejecting the Framework, the university managers who have argued that the nineteenth-century state legislation under which they operate that supposedly prohibits them from sharing the management role with workers, also gives the federal government a perfect excuse for continuing to exclude public universities from the JobKeeper package. In short, the political message is that if the universities aren’t going to commit to a national job saving plan, then the situation must not be that dire for them (noting however, that the Government has revised exclusions around JobKeeper to allow private universities access).

This is not the case, of course, but COVID-19 has revealed the inherent flaws in university governance and government policy - where Vice-chancellors have been paid million-dollar salaries on the basis of comparisons with private sector chief executives, and university management structures have overflowed with senior managers and assistants; while at the same time, subsidies generated from international students have provided the government with an excuse to reduce public funding.

Staff and students have long fought the erosion of democracy and increased corporatized cultures in universities, but the question of alternatives has not been explored in a policy setting. It is more than arguing to maintain staff and student voices on governing bodies – indeed, the NTEU believes staff (and students) need to be given the ability to exercise more power and have more of a say in their institution and its role. There also needs to be a focus on the role of universities as a ‘public good’ – rather than as corporatized quangos.

## 7. The Impact of COVID-19 on the Role of Universities in the Broader Community

### 7.1 COVID-19 and the Role of Universities as Institutions of ‘Public Good’

There has long been the argument that universities are civic institutions that provide a ‘public good’. Universities help to prepare thousands of graduates for employment, conduct ground-breaking and innovative research, engage with their communities, provide vital on-demand expertise and knowledge, supply valuable infrastructure, and are one of Australia’s major international export industries and economic powerhouses. They are also major employers. Yet with the commodification of tertiary education, increased emphasis on education as personal gain and the further shifting of the cost of education towards the individual student, there are significant questions over the future of higher education. In particular, how can we ensure our universities are accessible, equitable and able to meet our current and future needs.

Not all aspects of the COVID-19 crisis need to be negative. We could also use this time to recast higher education in a way that acknowledges the public good that universities have, both within our communities and more broadly.

These principles were most recently extolled in the “Brisbane Declaration” – which was the outcome of *Challenging the Privatised University* conference held in Brisbane, November 2015 (co-sponsored by NTEU). This statement could be a starting point for further discussion on what the future of the higher education sector could look like:

#### *The Brisbane Declaration*

*Given the role of multinational corporations in contributing to the looming global environmental, social and financial crises; and their increasing influence on all forms of education, including university education, there has never been a more important time to rethink the meaning of a good university in Australia.*

*Good universities are:*

- *Communities, not for-profit corporations;*
- *Democratic public institutions for the social good;*
- *Fully funded by government;*
- *Independent of corporate influence;*
- *Dedicated to offering free, high quality education;*
- *Transparent and accountable;*
- *Transformational not merely transactional;*
- *Democratically accountable to society as a whole;*
- *Committed to an ethical and knowledge driven curriculum that fosters critical reflection and creativity.*

*Good universities:*

- *Embrace multiple ways of knowing;*
- *Nurture public intellectuals;*
- *Promote the free exchange of ideas in the quest for truth;*
- *Actively value collegiality and collaboration;*
- *Uphold and support the role of student unions;*
- *Uphold diversity in the production of knowledge;*



- *Foster and develop mutual respect;*
- *Participate in the development of a just, democratic and sustainable society which privileges ecologies over the economy;*
- *Empower students to become active citizens and not just job ready graduates;*
- *Explicitly incorporate an understanding of indigenous culture and history;*
- *Recognise and integrate bodies of knowledge from the global south;*
- *Recognise academic freedom as a core value;*
- *Produce open, available and accessible knowledge;*
- *Include all academic and non-academic staff, and students as active participants in decision-making processes and culture;*
- *Invite alternative, non-hierarchical and respectful forms of performance review.*

*This declaration is intended to spark a national conversation about the nature, role and purpose of university education in a socially just, democratic society. We invite reflection, debate and dialogue in pursuit of the good university.*

The NTEU believes that the pandemic provides the opportunity for an innovative restructuring of the tertiary system, potentially unifying post-school education and vocational training. It should be funded by and responsible to the Commonwealth and imbed the right to free post-school education and training based on aptitude and appropriate to need. It should replace the free market driven structures that see universities compete with both each other and with vocational education providers by replicating each other's offerings, and instead create a framework that ensures cooperate so that all students have access to a full range of educational opportunities.

The NTEU has proposed a framework that would assist in the restructure of higher education this via our Public Accountability Agreement framework, which is detailed later in this submission.

More immediately, as an outcome of post-COVID-19 review of higher education, there be a review of the university governance structures, with reference to what the role of universities, as institutions of public good, should be.

## **8. The Impact of COVID-19 on International Students (welfare)**

While many concerns (including those expressed by NTEU) focused on international students being exploited for financial gain, and the fact the international fee income was largely plugging the gap in the proportional decrease in Commonwealth Grant Scheme funding, the Government chose to frame its discussions around 'foreign interference' with a particular focus on allegations around the Chinese government's activities in research, academic freedom and student life.

Skip forward to now, however, and the concerns are very different. Today we are looking at a sector where the 'what if' scenarios of the international student market failing are real. The NTEU and many others had highlighted many times the risk universities exposed themselves to by relying (at varying levels) on the income from international student enrolments, which form a large part of the discretionary funding pool that institutions use for both domestic teaching and research.

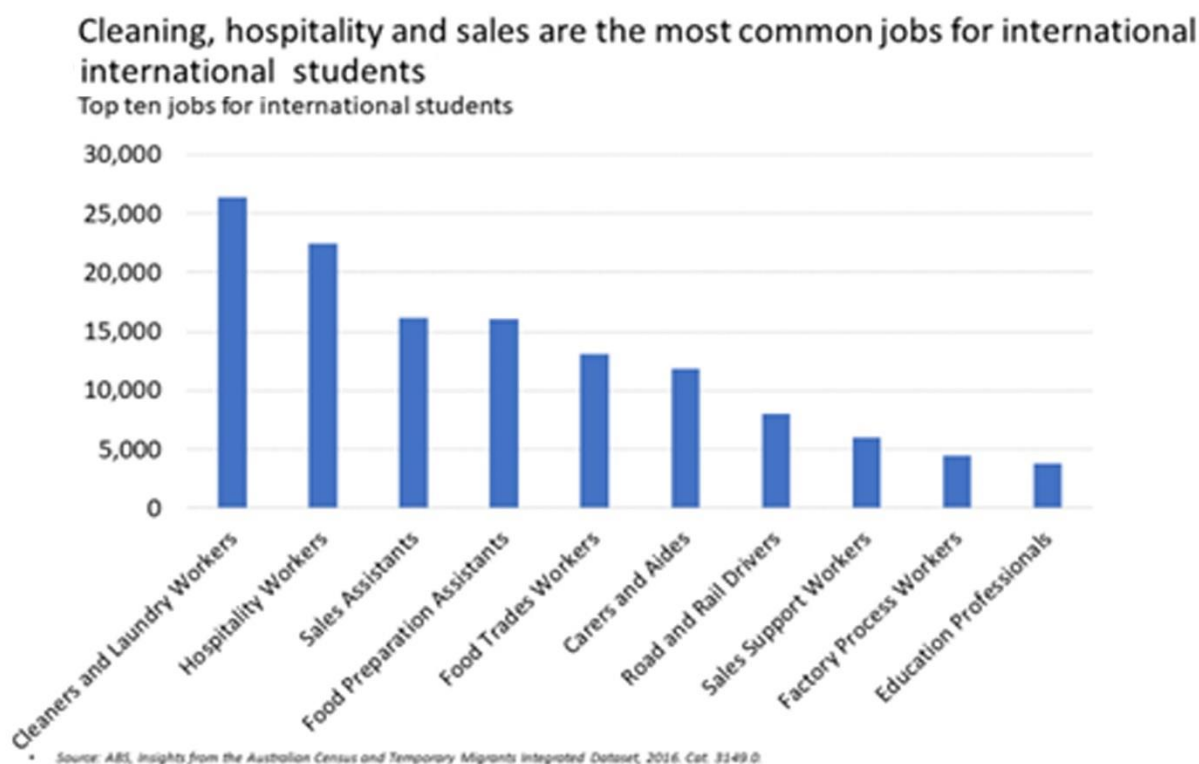
While initially the focus was on the impact of the travel bans on the Chinese student market (our largest single international student cohort), the COVID-19 pandemic soon spread to our shores and the focus broadened to the logistics around the shut down of non-essential services and industries here.



Although universities are delivering courses online where they can, many international students who are still enrolled are questioning why they are studying an online course onshore when they could be saving considerable costs by studying the same course at home. This is particularly galling for those students that responded to the financial inducements offered by many universities earlier in the year, who told their students they could still come as long as they [did 2 weeks quarantine in a third country](#) (and offered 'financial relief' to those that did). Yet only a few weeks later, Australian universities were forced to essentially physically close their classrooms and move courses online where possible.

The added sting in the tail to this situation is that in addition to the course changes, [many international students are struggling with loss of work](#). Indeed, international students are the second largest pool of foreign worker visa holders (behind special visas for New Zealand citizens) – in 2016, ABS data showed there to be over 178,000 workers on student visas, making up 22 per cent of all foreign visa workers. Importantly, international students are primarily employed in cleaning, hospitality and retail sectors, which have all been particularly hard hit by the enforced shut downs.

**Chart 2: Top ten jobs for international students 2016**



Source: ABS Insights from the Australian Census and Temporary Migrants Integrated Dataset, 2016. Cat 3149.0

Despite the obvious vulnerability of international student workers, who already have been shown time and time again to be exploited in both their pay and conditions, the Government has consistently rejected any requests to extend any support or benefits to most foreign workers, including international student workers.

Instead, the Government line has been that first-year international students, as a requirement of their student visa, should have access to self-funding for 12 months in their first year. Those in subsequent years of their studies have been told they should have enough savings to see them through the crisis.

While it is correct that having 12 months of savings for the first year is a visa requirement, the extent to which this is reality is a different matter. The research shows that even in first year, many students rely upon work to support themselves, and the longer a student has been in Australia, the more likely they are to rely on their own employment to support their studies – in fact, the percentage of students who rely upon it as their main source starts at around 44% and grows to 75% by the time they are near the end of their studies.

**Chart 3: Reliance of student visa holders on wages for income 2016**

### Many student visa holders rely on wage income



Note: 'A source' includes 'main source'.

Source: ABS, Characteristics of Recent Migrants, November 2016, TableBuilder version

Source: ABS Characteristics of recent migrants, November 2016, table builder

Simply asserting that students need to have savings or access to support from family is not really reasonable, given that the world is currently being impacted by an international recession, job losses, business closures and social isolation protocols – legally enforced in many countries (including Australia). [It should be assumed that for many students, the financial support they would otherwise be relying upon may not be possible.](#)

Infamously Scott Morrison's other offered advice to international students in economic strife was to simply ['go home'](#). This advice ignores the fact that for many, this is not possible. The few international flights have prohibitive ticket prices. [Many transit airports, such as that in Singapore, Hong Kong and Taiwan, are not accepting transit passengers and others are restricting flights.](#) Australia's distance and isolation presents real problems for international travelers looking to return home, assuming their own country's borders are accepting returning citizens.

The ethics of allowing students to come to study in Australia during a pandemic event – even to the extent of offering financial inducements - raises the issue of what is an inherent duty of care. Higher Education Providers (HEPs) under the [National Code of Practice for Providers of Education and Training to Overseas Students 2018](#), are required to demonstrate that they provide appropriate advice and support for international students, including "...to assist students with general or personal circumstances

that are adversely affecting their education in Australia.” The Code notes that situations around accommodation and employment that may impact on a student’s ability to undertake their studies should be addressed by the institution, through appropriate support services and counselling. These provisions did not assume that there would be a COVID-19 like scenario (although the Act does mention support during times of natural disasters) but most institutions are aware that many of their international students are in crisis, and are rolling out various support packages (from a ‘food pantry’ at JCU, to access to emergency support and funds, offered by a number of other universities). But clearly this is not enough. The sector’s calls for Government support, however, is falling on seemingly deaf ears.

The responsibility of the Government under the ESOS Act is to protect the integrity of the International Education sector, through appropriate policy settings and by ensuring education providers adhere to the Code (via the regulators and departmental processes). While there are very valid concerns that the current approach by Government has damaged the international education sector there is a larger question over the moral and ethical responsibility we have in allowing students to come, and then apparently turning them away when the domestic situation deteriorates.

On this, it’s also worth noting that the Government also provides the following advice to anyone interested in studying in Australia:

*Australian workplace laws provide basic protection and entitlements for all workers in Australia, including workers from overseas. International students have the same entitlements to minimum wages and conditions as Australian workers, as well as superannuation and workers’ compensation under Australian workplace laws.<sup>141</sup>*

What is not said is that in time of crisis, when all other Australian workers will be entitled to support (either through the JobKeeper program, or through Newstart or other unemployment benefits), international students are specifically excluded from income support and the social welfare safety net. This is despite the National Code noting that:

*The Australian Government acknowledges and values the contribution of overseas students who come to Australia from all over the world to study, live and work. The social and economic benefits of international education to individuals, institutions and the wider community, both in Australia and abroad, are well documented.<sup>42</sup>*

Sector commentators have made the point that the general principle of [reciprocity in the Australian welfare state](#) is a reasonable one, so that the right to draw on benefits is linked to paying or being likely to pay taxes over a long period of time. International student workers do pay taxes and contribute to benefits such as superannuation - although they are a workforce that is also prone to exploitation, and as such they may not be paid all their entitlements by employers (indeed, even if they do have super, it may be very little as the industries they work in are generally low paid. The one allowance the Government has made – to allow international student workers access to their super – will for many be of little use).

<sup>41</sup> Australian Government Department of Education and Training Fact Sheet *International education: ensuring quality and protecting students* <https://internationaleducation.gov.au/Regulatory-Information/Documents/esosstudentfactsheetv4%20-%20Final%20clean%20copy.pdf>

<sup>42</sup> Australian Government *National Code of Practice for Providers of Education and Training to Overseas Students 2018, Part A – The Education Services for Overseas Students Framework; Part 1 Promoting Australia’s international education industry* [https://www.legislation.gov.au/Details/F2017L01182/Html/Text#\\_Toc487026932](https://www.legislation.gov.au/Details/F2017L01182/Html/Text#_Toc487026932)

While international students know they must be prepared to cover their own costs and risks, to the extent that they need to meet the visa [requirement to have health their own private insurance](#), there is a limit to this – the fire department does not check visa status in dealing with a fire, nor are international students excluded should they be the victims of crime. In short, by inviting these students to come to Australia, we have a responsibility to ensure their health, safety and welfare needs are met. By removing their ability to work and excluding them from the social welfare safety nets offered to Australian workers and students, we are failing in this duty.

The question must also be asked, what responsibility has the Government for the international education sector. At the very least, Australia could be accused of being a ‘fair weather friend’ to international students at this time of crisis. Yet there are more serious questions to be asked of the Government’s actions (or lack thereof) – is it a case that there are simply ‘bigger concerns’ or, picking up on the ‘foreign interference’ allegations, is there a deliberate strategy to reorientate higher education away from international education and more towards the domestic market?

Either way, the travel bans are likely to continue long after social isolation restrictions are relaxed domestically. We have seen [projections of multi-billion dollar losses to the education sector](#) as a result of the impact of this crisis on international education. Assuming that providers will simply be able to ‘restart’ once the crisis is over ignores the long term damage being done to Australia’s reputation and status as an international education provider.

## 9. The Impact on Regions

While many universities have campuses or centres in regional areas, there are seven institutions that form the Regional University Network (RUN). These are:

- CQU (previously Central Queensland University)
- Charles Sturt University
- Federation University Australia
- Southern Cross University
- University of New England
- University of Southern Queensland
- University of the Sunshine Coast

Institutions such as University of Wollongong, Newcastle University, Charles Darwin University, Deakin University, University of Tasmania and others (such as Latrobe University) may be considered to have a regional focus given the geographic location of their main campuses and student population.

Regional universities train and retain skilled young people in regional areas, employ large numbers of skilled locals, and invest significant amounts in local research and infrastructure projects adding around \$2 billion to local economies. 43 Regional universities are often among the largest employers locally. While only 23% of metropolitan university graduates ever work in regional Australia, 73% of all graduates

---

<sup>43</sup> Regional Universities Network, *Briefing Pack 2018*, 2018  
<http://www.run.edu.au/resources/RUN%20briefing%20pack%20June%202018.pdf>

from regional universities stay and work locally. <sup>44</sup>It is also important to note that young people in regional areas have only half the higher education attainment rate of people in metropolitan areas – meaning that universities are a vital tool in closing the economic and social development gap in regional areas.

Regional universities, especially if they seek to continue offering a comprehensive range of student offerings, face higher costs than their metropolitan counterparts. Some of these costs are a direct function of location while other relate to scale and the more diverse nature of their student cohorts. Regional campuses are generally smaller (in terms of student numbers) than their metropolitan counterparts. They have larger geographical but smaller population catchment areas. They also have more diverse student cohorts with larger proportions of not only regional and rural students but also low socio-economic status, first-in-family, mature aged and Indigenous students. Regional universities also tend to be more heavily involved in distance and mixed modes of education.

While all universities big and small are looking at significant reductions in international students in 2021, regional universities are at particular risk of losing further enrolments due to competitive disadvantages in the domestic student market. Furthermore, major metropolitan universities have now moved most of their programs to online delivery for the first time and will largely be looking to recover lost international student revenues in the domestic market where there is less regulatory uncertainty. These universities have significant recruitment and marketing resources and will be looking to maximise enrolments of regional students while at the same time not tailoring courses or offerings for regional Australia.

Those institutions that are particularly exposed have responded with reductions in spending and staff layoffs. Unfortunately, this will have flow on effects for their local communities. One of the most severely impacted institutions is CQU and we have noted the impact of COVID-19 on that institution below as a case study. However, other institutions that are also impacted include Federation University, James Cook University, and Charles Darwin University. The denial of JobKeeper to public universities was particularly disappointing for regional institutions.

#### *Case Study: Impact of Covid-19 on CQU*

*The COVID pandemic has impacted CQU significantly, with the Vice Chancellor recently stating that, in response to COVID19, CQU needs to reduce its staffing costs by \$55m per year. CQU has already opened calls for voluntary redundancies – which are unlikely to meet the shortfall alone. Without government support forced redundancies are almost inevitable – many of these will be in Rockhampton, the location of the largest campus. This will be a huge hit to the local community and economy and could entail 100s of redundancies.*

*CQU is also considering closing three regional campuses: Yeppoon (in Capricornia electorate), Biloela (in Flynn electorate), and Noosa (in Wide Bay electorate). The closure of these campuses will reduce opportunities for local people to upskill and contribute to their communities.*

*The loss to CQU is large because the university is largely subsidised by international students: with 9000 international students making up over 25% of their total students, but accounting for 38% of their total income for 2019 (\$187m out of \$487m) - this is higher than the sector average of 26.3%.<sup>3</sup> cases studies.*

---

<sup>44</sup> Regional Universities Network, *Jobs and productivity effects of the Regional Universities*, 2017, <http://www.run.edu.au/resources/RUN%20Jobs%20and%20productivity%20report%20final.pdf> p.2



Unlike major metropolitan institutions, small and regional universities usually have lower cash reserves to fall back on and may not be in a strong position to borrow against existing assets. While Government action is urgently required for the entire higher education sector, the situation is particularly precarious for a number of small and regional institutions. Their losses will also compound over the next 12- 18 months.

The NTEU is concerned that, without federal funding, the education gap between regional and metropolitan Australia will widen. These institutions are often the largest employers in their communities, and provide important social infrastructure and services. They also provide invaluable education opportunities - in 2011, 31% of people aged 25-64 who lived in major cities held a Bachelor degree or above. This figure declined to 18% for Australians living in inner regional areas, to 15% for outer regional areas and down to 12% for very remote areas.<sup>45</sup>

The NTEU notes the call from the Regional Universities Network for a doubling of the \$78m federal fund for regional and rural campuses, with a focus on the need to retain university staff in the regions.<sup>46</sup> The NTEU supports this call, and adds the following recommendations:

## **10. The Government's Response to the Crisis in Higher Education**

In an effort to cushion the economic impact of the social distancing measures needed to avoid an outbreak of COVID-19 in Australia, the Government has responded with numerous targeted measures. This was in the form of three separate stimulus packages, which included targeted funding for industries that had been adversely affected (eg. Airlines) and more general programs, such as JobKeeper and JobSeeker.

However, the higher education sector – which was one the of the sectors to be first affected by the COVID-19 measures – has been largely excluded from Government support measures. Indeed, the general view of the Government has been that higher education, and in particular universities, can ride out the COVID-19 crisis with minimal assistance.

The only measure that has been extended to universities was in the form of the Higher Education Rescue Package, announced on Easter Sunday by Education Minister Dan Tehan. However, the analysis below shows that the package contains very little new funding, with roughly 40% of the package consisting of loans. What it does present is a blueprint for the Government's higher education agenda.

Below is a summary of the provisions of the package and an outline of the Union's concerns.

### **10.1. The Higher Education "Rescue" Package**

While the Government is claiming their Higher Education Rescue Package to be worth \$18B, it's largely made up of funding that was already budgeted for, and very little is actually new money. While it does guarantee government funding for commonwealth supported enrolments for 2020, it does nothing to

---

<sup>45</sup> Regional Universities Network (RUN), *Facts and Figures on Regional Australia 2013*, <http://www.run.edu.au/resources/Regional%20Students.pdf>

<sup>46</sup> See Campus Morning Mail *RUN picks up the pace in the call for cash*, May 22 2020, <https://campusmorningmail.com.au/news/run-picks-up-the-pace-in-calls-for-cash>

address the impact of the loss in international student income, which accounts for over a quarter of all university income in the sector.<sup>47</sup>

Closer analysis of the Government's Higher Education Package reveals its true value to be around \$0.72 billion to \$1.37 billion, considerably less than the claimed \$18B by the Government. This consists of around \$370 to \$740m in the CGS funding guarantee for expected student places that may not filled, around \$280 to \$560m in loans via the HECS-HELPS advances, and \$72m in regulatory fee relief that goes to primarily private providers.

However, the package alone does not mitigate the projected loss of income and jobs. Instead, it provides a blueprint for regulatory and legislative changes to the sector.

Prior to the COVID-19 pandemic, there had been anticipation of a Government led review of Higher Education funding. Since 2011/2012 [cuts to Government funding had seen around \\$10B lost from the forward estimates in the sector](#), including the Government funding freeze in 2017,<sup>48</sup> leading to a situation where (as noted already) universities were collecting more in international student fee income than in CGS funding.

The Government had also conducted an [Inquiry into the Australian Qualifications Framework](#), led by Professor Peter Noonan, which included the recommendation that micro-credentialing be adopted as part of a structural revision of the Higher Education Framework. Clearly, the Government was already moving towards both structural and funding change.

The package clearly flags these changes through the package. This includes the introduction of discounted short courses (micro-credentials), making government funding available to private providers to offer those courses (but expecting universities to cover the government subsidies for these courses out of the CGS guarantee funds), fee relief for private providers and changes to the way grant money is allocated.

It is also worth noting what is absent in the Package –that is, support for Australia's international student market and research. The Government's stated agenda is to have more of a focus on domestic students and research, with the obvious inference that there will be less focus on the international student market and foreign research arrangements.

The Government has taken this crisis as opportunity to experiment with new policy directions for both the funding and structure of Higher Education in Australia. Clearly, the provisions of the Package flag the Government's intentions around the deregulation of HE – not right now, but in the very near future.

The Package consists of changes that go to both Higher Education funding and the structure of course offerings:

- Funding guarantee of Commonwealth Grants Scheme (CGS) and other related grant funds

---

<sup>47</sup> The NTEU has made a number of projections around the impact of lost International Student fee income on the sector. If we assume a 50% loss in international student revenue (which is consistent with other projections in the sector, including University's Australia) this equates to around \$4.5 billion based on 2018 data. Under this 50% international fee loss scenario we would still expect to see substantial job losses of up to 14000 FTE, depending on what portion of revenue the employers were seeking to save in staffing expenses. This does not take into account other losses in revenue, such as from commercial sources and research income, which will be on top of this loss.

<sup>48</sup> While these cuts have been offset by some increases in expenditure, including additional places and increased income support for regional campuses and students, and a guarantee to continue funding the National Collaborative Research Infrastructure Scheme (NCRIS) these are minor savings.

- Deferral of HELP recoveries
- Short online courses
- Loan fee exemption
- Regulatory fee relief
- Changes in cost recovery arrangements

## 10.2. Funding Guarantee of Commonwealth Grants Scheme (CGS) and Other Related Funds

The Government has guaranteed Commonwealth Grant Scheme (CGS) payments for all higher education institutions in 2020. The CGS payments will be paid throughout 2020, regardless of any change in enrolments due to COVID-19. This measure requires an amendment to the Other Grants Guidelines.

The funding guarantee applies to all providers currently getting CGS funding, including non-university higher education providers currently allocated Commonwealth supported places (CSPs) — that is a place at a university or higher education provider where the Government pays part of a student's fees.

Private higher education providers that do not have access to CSPs will be supported through access to the JobKeeper arrangements. This includes Level B as well as C category providers.

## 10.3. Deferral of HELP Recoveries

The Government expects enrolments to fall due to COVID-19, so will also guarantee 2020 HELP advance payments to higher education providers based on the estimates of their expected eventual entitlements provided late in 2019. Put simply, this means that higher education providers can be paid as their estimated HECS-HELP payments for students who have Commonwealth Supported Places (and access to HECS-HELP), as well as the estimated payments for full-fee undergraduate and postgraduate students under FEE-HELP, irrespective of whether these students remained enrolled.

However, the Government will require HELP advances for students who did not incur a debt to be repaid by the higher education provider between 2022 and 2029. As such, this isn't as much a grant as it is a loan.

As with CGS funds, universities are paid HELP loans in line with expected eventual entitlements. Normally a university's HELP entitlements would be revised down if they have fewer students than anticipated.

**Table 8: Estimated Amounts Provided to Institutions under relief package (assuming 3% domestic withdrawals) versus total projected losses**

As at 31 December 2018	\$thousands							
University	CGS Funding	Total Revenue	3% domestic student withdrawal	HELP amount loan to uni	CGS Guarantee recovers	Estimate regulatory fee relief	Reported Loss as % Total 2018 Rev	Package as % of 2020 loss
Charles Sturt University	184,89	609,852	10,414	4,239	5,547	1,166	60,000	11%
Macquarie University	180,360	1,010,442	12,685	5,924	5,411	1,420	*	
University of Newcastle	232,275	766,719	12,501	4,700	6,968	1,399	*	



Southern Cross University	84,125	270,222	4,593	1,856	2,524	514	14,000	22%
University of New England	118,215	319,137	6,331	2,410	3,546	709	20,000	21%
University of New South Wales	286,461	2,130,219	16,595	6,437	8,594	1,857	600,000	2%
University of Sydney	304,876	2,500,481	19,987	7,707	9,146	2,237	470,000	2%
University of Technology Sydney	219,686	1,049,719	14,750	6,258	6,591	1,651	*	
Western Sydney University	298,622	909,269	16,570	7,041	8,959	1,855	90,000	12%
University of Wollongong	150,239	657,398	8,249	3,390	4,507	923	90,000	6%
Federation University Australia	72,901	330,906	3,775	1,356	2,187	422	20,000	13%
Deakin University	296,776	1,195,442	18,051	7,784	8,903	2,020	100,000	11%
La Trobe University	228,851	798,779	12,831	5,546	6,866	1,436	135,000	6%
University of Melbourne	297,533	2,530,919	20,676	8,302	8,926	2,314	400,000	3%
Monash University	346,552	2,498,349	21,651	9,249	10,397	2,423	340,000	4%
RMIT University	269,746	1,286,055	17,394	7,570	8,092	1,947	175,000	6%
Swinburne University of Technology	175,848	723,294	11,719	4,652	5,275	1,312	6,000	9%
Victoria University	122,468	445,028	7,191	2,881	3,674	805	50,000	9%
Central Queensland University	124,683	438,218	6,739	2,263	3,740	754	100,000	4%
Griffith University	290,081	970,766	17,035	7,159	8,702	1,907	130,000	8%
James Cook University	150,820	503,002	7,313	2,477	4,525	819	*	
Queensland University of Technology	286,866	1,059,016	17,136	7,451	8,606	1,918	100,000	11%
University of the Sunshine Coast	105,082	302,543	5,343	2,008	3,152	598	44,000	9%
University of Queensland	307,305	1,969,354	16,954	6,672	9,219	1,898	360,000	3%
University of Southern Queensland	137,265	328,505	6,841	2,394	4,118	766	*	
Curtin University of Technology	254,912	897,207	14,452	5,552	7,647	1,618	62,500	15%
Edith Cowan University	153,501	452,894	7,969	3,039	4,605	892	78,000	7%
Murdoch University	99,907	359,708	5,532	2,168	2,997	619	24,300	15%
University of Notre Dame Australia	67,473	186,116	4,856	2,164	2,024	544	26,000	10%
University of Western Australia	151,734	926,013	8,758	3,517	4,552	980	64,000	9%
University of Adelaide	170,808	900,349	9,388	3,573	5,124	1,051	100,000	6%
Flinders University	153,630	506,456	8,307	3,131	4,609	930	54,000	10%
University of South Australia	191,699	657,865	10,381	4,230	5,751	1,162	70,000	10%
University of Tasmania	216,770	763,982	9,123	2,368	6,503	1,021	40,000	19%
Bachelor Institute	7,576	32,820	236		227	26	*	
Charles Darwin University	64,776	258,664	2,869	737	1,943	321	22,000	10%
Australian National University	282,955	1,339,599	11,640	2,743	8,489	1,303	225,000	4%
University of Canberra	93,088	307,579	5,139	2,069	2,793	575	32,000	11%
Australian Catholic University	234,870	549,024	12,412	4,802	7,046	1,389	20,000	42%
<b>All Institutions</b>	<b>7,416,226</b>	<b>33,741,910</b>	<b>424,385</b>	<b>167,821</b>	<b>222,487</b>	<b>47,500</b>	<b>3,966,800#</b>	

\* No figure reported. # Of universities reporting

Source: Department of Education "2018 Higher Education Providers Finance Table" <https://docs.education.gov.au/node/53363> and collected internal statements from universities.

Table 8 above shows that the true value of the government's \$18 billion package is roughly \$270m and an additional loan figure estimated to be \$168m across the entire sector. This mainly comprises funds that were previously budgeted, but which universities would have had to pay back if their enrolments of domestic students fell by 3 per cent below their CGS cap it is important to note that several universities

had enrolled over their cap and subsidized additional domestic students from international student revenue.

#### **10.4. Short Online Courses (Micro-Credentials) at Higher Education Levels**

A central component of the Higher Education package is the announcement of 20,000 heavily discounted short courses (6 months duration) in “National Priority” areas, to be offered by universities and non-university higher education providers from May 1 (and completed by Dec 1, 2020). These places include 1000 allocated to non-university higher education providers, who will be able to access \$7m in contested funding to assist with these short course offerings.

Courses are to focus on identified national priorities such as teaching, health, science and information technology. Students will still be able to defer payment through HECS-HELP or FEE-HELP. Students who complete a short course, known as ‘micro-credentials’, will be awarded a higher education certificate.

The allocation of the short courses in “National priority areas” has meaning – the term has a legal definition under the HESA (section 30-20 of HESA 2003). Thus, to allow for the 1000 places to go to non-university higher education providers, the definition of ‘national priority’ will need to be changed in the Commonwealth Grant Scheme Guidelines. This is a legislated expansion for the Private Providers.

The Government has said that providers will have the flexibility to design and deliver these courses (with a focus on local industry and employment opportunities), but they have capped the tuition prices at discounts of between 50 – 74 per cent. Universities will be required to wear the gap that results from these discounted fees, and if they are under-enrolled under the CGS guarantee, they will also not receive any additional CGS funds for these short courses (if they are over enrolled they can apply for additional CGS funding as per the usual process). It is worth noting that at least one institution (Central QLD University) has acknowledged that it is actually costing the university to offer the discounted courses<sup>49</sup> – and this same institution has shed around 300 jobs due to COVID-19 related losses.

Importantly, the Government has flagged that it “...will work with universities to give them flexibility to adjust between bachelor places and sub-bachelor and postgraduate places, pending legislative reform to lock in a more flexible model”<sup>50</sup>. This indicates substantial structural change for the HE sector, as currently universities cannot re-allocate CGS funds in this way. It is worth noting that, while 20,000 places have been announced as part of the Package, the Department has not indicated a cap on the micro-credentials.

Study for the micro-credentials can take place at Australian Qualification Level (AQF) level 5 (Diploma) to 9 (Masters Degree) which means that students can take subjects at any higher education coursework level – diploma, bachelor, graduate diploma, graduate certificate, masters by coursework – but must only be offered online. The Government has also specified that study undertaken as part of a Higher Education Certificate must contribute to a qualification recognised under the AQF, meaning students are already part of the way through completing a higher education qualification when they receive their Higher Education Certificate. This goes directly to the concept of micro-credentials, which essentially break apart the traditional degree structures into component parts – although the certificates will be part of a qualification in the higher education sector at the Diploma, Advanced Diploma, Bachelor Degree or

<sup>49</sup> Proof Committee Hansard House of Representatives Select Committee on Regional Australia Inquiry into Regional Australia Thursday, 21 May 2020 Canberra

<sup>50</sup> CMM *New short courses more permanent than pandemic* April 15 2020 <https://campusmorningmail.com.au/news/new-short-courses-more-permanent-than-the-pandemic/>

Masters Degree level, they do not have independent recognition as awards within the AQF. This raises an interesting issue, as clearly this provision is a fairly superficial ‘work around’ to the thorny legal problems that the micro-credentials present, as under section 36-5 of HESA 2003, it’s a legal requirement for Commonwealth supported places to only be given to students enrolled in a legally-recognised qualification, with funded subjects in relation to that course of study. In short, a higher education certificate is not a legally-recognised qualification, so the Department has had to be creative in dealing with this issue in the short term. It is likely, however, that we will see legislative change on this issue too.

There are no limitations on who may apply for the courses, meaning that whether a person has lost work due to COVID-19 or not, or is still employed, they will be eligible to access a course (assuming they meet any academic prerequisites). However, the discounted student fees will only be available to students starting a higher education certificate (so not available to students already enrolled in a degree course) and, as noted, only those courses starting after 1 May 2020 will be eligible for Commonwealth supported places. Up to four units will be supported, provided delivery is completed before 1 December 2020.

### ***10.5. Funding Link Between CGS ‘Guarantee’ for Under-enrolments and Short Courses***

The Government has stated that the Department will negotiate new CGS funding agreements with universities for 2020 that specify an overall funding amount, within which a designated Maximum Basic Grant Amount (MBGA) will be set out. The overall funding amount is equal to the sum of a university’s current 2020 designated MBGA and non-designated MBGA. For example, if a university under-enrols in designated places (postgraduate and sub-bachelor), they can use this funding for non-designated (bachelor) places, up to the overall funding cap. What this means is that universities that have under-enrolments will be expected to cover the CGS component from the short courses out of the guarantee CGS funding amount.

### ***10.6. Other Package Measures***

#### ***Loan Fee exemption – students who access FEE-HELP***

Under the Package, students who continue their study or engage in new study during this time will have a six-month exemption from loan fees. This measure is subject to the passage of legislation.

#### ***Regulatory fee relief for education and training providers***

Education providers pay registration fees to ASQA, the Australian Skills Quality Authority (training providers), or TEQSA, the Tertiary Education Quality and Standards Agency (higher education providers). Education providers that wish to offer training to international students must also be registered on the Commonwealth Register of Institutions for Overseas Students (CRICOS).

As part of the Package, the Government is waiving the majority of fees and charges currently charged by these agencies, saving around \$47.5m to the sector. However, the Payment of Tuition Protection Service levies by CRICOS registered providers will still need to be paid but will be deferred to a later time.

### ***10.7. The Cost to Universities of Participating in the Short Course/Micro-Credentials Scheme***

The Government has offered 20,000 six-month course places to students at discounted rates. The student contribution for these courses has been discounted, while the CGS component remains the same. The Government will not be covering the discounted portion of the student contribution.

Under the relief package the Government is already guaranteeing CGS funding despite enrolment and is not requiring a refund be paid on advance HELP payments until 2022-2029. This means that universities will receive no immediate benefit from participating in this program. Short course student contributions, will, however be deducted.

Students who used HECS-HELP at a public university and VET students subsidised by their state or territory do not incur a loan fee.

**Table 9: Discounted student courses fee for first six months, 2020 HECS/HELP Scales**

Field of education	Fee	CGS subsidy
Teaching	\$1250	\$5,630
Nursing	\$1250	\$7,429
Psychology	\$1250	\$6,654
English	\$1250	\$3,058
Mathematics	\$1250	\$5,411
Foreign Languages	\$1250	\$6,654
Agriculture	\$1250	\$12,007
Allied Health	\$2500	\$6,654
Other Health	\$2500	\$5,411
Information Technology	\$2500	\$5,411
Architecture and Building	\$2500	\$5,411
Science	\$2500	\$9,460
Engineering	\$2500	\$9,460
Medical science	\$2500	\$12,007
Environmental studies	\$2500	\$12,007

The Education Minister has made it clear that his wish is for universities to become ‘world leaders’ in micro-credentials, placing significant pressure on universities. The result will be that where universities do offer these online courses, they will do so as cheaply as possible, setting up a basic framework that requires reduced costs as a primary concern.

### **10.8. Other Factors to Note Regarding Micro-Credentials**

There are some additional points to note in relation to micro-credentials. Many of short courses that already exist are transferable to graduate certificates and diplomas that are primarily full-fee courses, which attract substantially higher fees. It’s worth noting that the [Departmental student data for 2018](#) shows there were approximately 12,000 domestic full-fee place student in “other postgraduate” courses, compared to only 3,000 full-time equivalent CGS-funded students. It is difficult to project that loss for institutions however, as it depends on where they offer these courses (and if).

The problem for institutions is compounded by the fact that a student who has enrolls in one of these short-course as a Commonwealth-supported student [will continue their studies as one](#) - which is a good deal for students (who may have been looking at doing one of these courses as a full fee student) but will also leave a further dent in university revenue.

This fact also raises one other issue – it is in the interest of a provider who offers these short courses to ensure that the student does not go through to complete the study in the AQF qualification, but to cease once the 6 months are completed. However, under the [HESA admission standards](#) it is stated that

providers should not accept students when they are aware of ‘known limitations’ that would impede completion of a course. This leaves providers with a contradiction between their own interests and that of the student - there is a clear financial disincentive for providers to have students continue within the courses at discounted rates and as Commonwealth supported students. There is an argument that providers could encourage students to ‘drop out’ of the studies at the point of the micro-credential certificate – however, these certificates are not recognised. Thus, in accepting a student’s enrolment, only to encourage their non completion, may be a ‘known limitation’ for that enrolment and in contradiction of the admission standards. This is another problem presented by the micro-credential system, which will require legislative solutions.

As noted in this paper, the normal [discipline-based Commonwealth-contribution](#) will be paid on the micro-credentials/short courses. However, as also demonstrated, this will be unlikely to be ‘new’ money - any universities that have under-enrolled (relative to their maximum grants) in either designated (postgraduate and sub-bachelor) or non-designated (bachelor) places will need to be used to support the certificate places. What this goes to is the government wanting more ‘flexibility’ between categories of student funding, as noted in [Minister Tehan’s address to Universities Australia’s conference](#) in February, 2020.<sup>51</sup> In that speech, the Minister referenced the Noonan Review of the Australian Qualifications Framework, stating that:

*“The Noonan Review recommended a total rethink about how we view students and learning across vocational and higher education. Noonan recommends that we focus on the characteristics of the qualification rather than where the qualification is earned. It will provide us with greater flexibility, allowing students to earn qualifications across VET and higher education based on their learning requirements that better reflects the value that both streams of education provide. The recognition of micro-credentials will encourage more innovative and timely responses to student demand for courses, and employer demand for certain skills.”*

There are other questions raised through the Package, but it is obvious that the Government has taken this opportunity to experiment with new policy directions, for both the funding and structure of Higher Education in Australia.

There is a distinct sense that – given there is opportunity in chaos –the Government is looking to reset the national policy framework around HE, including its focus and structure. If this is seen as the reason for the decisions being made by Government (rather than a rescue package for sector funding), then the Higher Education Package starts to make perfect sense.

## 10.9 Threat of Deregulation of Student Fees

The reality is that the COVID-19 related crash of Australia’s international student market will result in a longer-term funding vacuum. Universities Australia has projected losses of \$16b by 2023, based on a drop in international student revenue of 20 per cent for 2020, 40 per cent in 2021, 30 per cent the year 2022, and 20 per cent in 2023.<sup>52</sup> The NTEU believes these figures to be relatively conservative.

<sup>51</sup> The Hon Dan Tehan MP Speech to Universities Australia Conference 26 February 2020 <https://ministers.dese.gov.au/tehan/speech-universities-australia-conference>

<sup>52</sup> Catriona Jackson *Post-pandemic, government needs to reinvest in nation’s research* 02 June 2020 The Australian (HES) <https://www.theaustralian.com.au/higher-education/postpandemic-government-needs-to-reinvest-in-nations-research/news-story>

Should the Government refuse to increase public funding for higher education to sustainable levels, there will be a constriction in the sector. Less of the vital research needed, fewer students trained, reductions in course offerings and quality of teaching, and of course, the loss of talent as staff leave the sector on a scale never before contemplated.

Faced with this choice, some sector commentators have put forward the suggestion of revisiting the deregulation of domestic undergraduate student fees in an effort to find an alternative funding source.

The primary rationale for Government's higher education plans from 2015 to 2018 was driven by the objective of reducing the level of public investment per student and simultaneously making students pay more for their education. In simplest terms, the Government sought to deregulate course fees paid by students, allowing institutions to charge 'market price' for courses (as opposed to the capped tuition fees set in legislation).

The NTEU was strongly opposed to this policy proposal for a number of reasons. First and foremost, the move to deregulation had already been tried in the Victorian VET system in the early 2000's and had failed spectacularly. Students and Government were both fleeced by unscrupulous operators who often delivered poor quality courses (and in some instances, failed to deliver any form of training) while charging exorbitant fees. The free market approach was a complete failure, costing billions and delivering little of any worth.

Another reason for the Union's opposition is that Australia already has one of the lowest levels of public investment and that Australian students pay amongst the highest fees to attend a public university in the OECD. The deregulation of student fees would only exacerbate this situation.

When first proposed, universities flagged they would move quickly to increase many of their 'high value' courses. This was at a time when the international student market was healthy, and government funding higher proportionally than it is today. If student fees were to be deregulated now, it is difficult to envision a scenario where universities do not move to quickly increase them substantially, given current budgetary crises.

To give an idea of the kind of fees that would be a starting point for many institutions, we have listed the domestic student course fees for Bond University for 2020 compared to 2015 (see Table 10). While a fully fee deregulated market would see variations in tuition fees as some institutions compete with others based on pricing (leading, of course, to a university league table for domestic enrolments, where cost is equated to institutional reputation and supposedly quality), as the currently deregulated markets of post graduate course fees and international student fees have shown, tuition fees for the sector overall would continue to rise over time.



**Table 10: Bond University – Domestic Course Fees 2020 & 2015\***

Program	2020 course cost	2015 course cost
3 Year Bachelor's degree	\$104,160	\$97,584
1 Year Honours program	\$40,490	\$32,528
2 Year Masters (coursework)	\$60,680	\$29,640 - \$68,164
2 Years Masters (research)	\$76,820	\$31,248 p/a - \$33,472 p/a
Doctor of Philosophy (5 yrs)	\$179,600	\$18,000p/a - \$33,472 p/a
Doctor of Physiotherapy	\$107,760	\$18,000p/a - \$33,472 p/a

\*excludes Bond's annual fee increases

The other issue that full fee deregulation opens up is the question of how HECS-HELP would operate, noting that the options would be for no capping of HECS-HELP (effectively a blank cheque for universities to charge as they wish, and burdening students with possibly life-long debts) or to set a limit for the HECS-HELP loan, with any shortfall to be covered by the student via other means. While this in itself would effectively undermine the principles upon which the HECS-HELP loan scheme has been founded, it would also create a situation of where access to 'top' degrees would be based not on aptitude or merit, but on who can pay.

There is also evidence that particular student cohorts – those that are from low socio-economic backgrounds, are the first in family to attend university, students from non-English speaking background, Aboriginal and Torres Strait Islander student and mature age students – are more adverse to taking on additional loads of high level debt.<sup>53</sup> This ultimately narrows access to higher education, reduces diversity and opportunity and solidifies disadvantage.<sup>54</sup>

## 11. The Exclusion of Public Universities from JobKeeper

The Government announced its JobKeeper package in its third round of stimulus measures in April 2020. The primary focus of JobKeeper is to ensure that the employment relationship between the employer and employee continues despite COVID-19 related closures which would otherwise have seen mass unemployment, and led to a longer recovery period.

While it appears (for now) that JobKeeper has been successful in maintaining the employment relationships where applied, from the outset the Government was highly reluctant to allow universities access the scheme. This reluctance over time became entrenched, to the point where the Government ensured that public universities could not access JobKeeper by changing the qualifying rules, in four different ways. The Government did however, recently amend the regulations one further time, so that private university providers could access JobKeeper under the normal qualifying regulations that apply to other businesses. Public universities are still specifically excluded.

The level of effort that the Government went to in excluding public universities from access to JobKeeper is worth detailing in order to understand that the Government not only has failed to assist the sector, but gone out of its way to prevent the sector accessing assistance. It is both frustrating and illogical as to why the Government has taken such an unhelpful and regressive approach. Indeed, any other sector facing mass job losses (of up to 30,000 actual job losses), not to mention being one of our largest export

<sup>53</sup> Callender, Claire and Jackson, Jonathan (2005) Does the fear of debt deter students from higher education? *Journal of social policy*, 34 (4). pp. 509-540. ISSN 1469-7823

<sup>54</sup> Andrew Harvey & Lisa Andrewartha (2013): Dr Who? Equity and diversity among university postgraduate and higher degree cohorts, *Journal of Higher Education Policy and Management*, 35:2, pp. 112-123

industries and by any measure, central to the country's post COVID-19 recovery, would have certainly at least have had access to the same assistance as other areas of the economy. However, this has not happened with higher education.

The first change occurred when the Government announced that a lower reduction in turnover threshold of 15 per cent would apply to determine eligibility of registered charities. Since universities are registered charities, the assumption was that the lower threshold eligibility test would also apply to universities. However, within 24 hours of that announcement, the Government 'clarified' that universities were still subject to the standard eligibility tests of 30 or 50 per cent turnover decline.

At this point the Government maintained, that Universities could still apply under the 30% or 50% turnover decline test. However, when the Higher Education Rescue Package details were released it revealed that should universities be access JobKeeper, this would affect the government funding they were being guaranteed through that package (in short, you couldn't access both the funding guarantee and the JobKeeper package). For a number of universities, however, it was still better for them to pursue JobKeeper.

The third instance of a block on JobKeeper was when the Treasurer subsequently announced that Government would alter the eligibility rules so that university turnover would be deemed to include 'core Commonwealth Government financial assistance'. In other words, unlike other sectors (such as charities) that were receiving commonwealth funding, they were going to count government funding in income- remembering this was a component of for the funding guarantee in the Higher Education rescue package.

However, some institutions still thought they would qualify, and asked for clarification to this rule. The also asked staff to complete JobKeeper applications.

The fourth and final blow to any chance of accessing JobKeeper came when the legislation was released (at 5.15pm on Friday 1 May) and revealed further changes to the regulations around qualification. The clarification of what is to be included in core "Commonwealth Government financial assistance" was not the problematic issue. What was problematic was the decision of the Government to single out universities by introducing a fundamentally different test for Universities (and only for universities) based on a six-month testing period.

This change was that, while other employers could choose to test on a monthly or quarterly basis and exclude the months in 2020 (typically January and February) not impacted by COVID-19, for universities specifically the turnover test period was been changed to a six-month cumulative period commencing on 1 January 2020. The impact of this change meant that universities would fail this turnover test and would therefore be ineligible to make an application under the JobKeeper scheme.

We have asked repeatedly as to why universities are the only employers to be specifically excluded, via legislation, from JobKeeper, particularly when it is clear that the sector will be severely impacted now and for years to come. The Government has not yet provided an adequate response.

## 12. State Government Measures

Contrasting with the Federal Government's inaction on the impact of COVID-19 on higher education is the response from most states and territories, who have collectively announced multi-million dollars worth of support (Victoria alone has announced almost \$400m of assistance).

The first responses at state and territory levels focused on international students, with many of the more than 310,000 higher education students living and studying in Australia losing their part-time jobs but not being eligible for JobKeeper and JobSeeker. However, Victoria has gone further, with funding aimed at the higher education sector more broadly:

- South Australian Government: has provided \$13.8m plan to assist the State's international students facing hardship. The International Student Support package provides \$10m for international students affected by COVID-19 restrictions and who are not eligible for either JobSeeker or JobKeeper payments. The money will be distributed via schemes run by the University of Adelaide, Flinders University and the University of South Australia.
- The ACT Government: has announced a \$20m 'Jobs for Canberrans' fund that will provide employment opportunities with the ACT Public Service. It will give priority to those who are ineligible for existing Federal Government support, including international students. The territory has also committed \$450,000 for emergency relief services to support those who have lost their income because of business shutdowns.
- The Northern Territory: is providing direct assistance to international students impacted by COVID-19 through the Worker and Wellbeing Fund, which is part of a broader \$20m COVID-19 assistance package for business and community. The Worker and Wellbeing Fund can help if students have lost their job or their income has been reduced because of COVID-19 and they are not already receiving financial and/or wellbeing support, including Centrelink benefits.
- The Tasmanian Government: announced a \$3m package to assist temporary visa holders, including international students. It consists of emergency cash payments, travel assistance and support for employers to retain their workers. International education is a key component of the state's economy, contributing \$370m in export income in 2018-19 and supports thousands of jobs in the education, accommodation, grocery and tourism industries.
- The Queensland Government: announced \$2.2m in funding for counselling, tuition support, laptops, isolation care-packs, pre-prepared meals and other living expense payments to students. The QLD State Government stated that international education sector in Queensland contributed \$3.9b to Australia's export income in 2018-19 and employs more than 20,000 people throughout the state.
- Western Australia: The StudyPerth Crisis Relief (SPCR) program uses funds diverted from curtailed or cancelled projects to help international students who have an acute need for food, shelter, support and health and wellbeing. It has a specific program of support for international students impacted by COVID-19. The program is supported by both industry and the State Government. The international education sector was worth \$1.2b in export income in 2018-19 and supported more than 146,000 full-time jobs.
- The Victorian Government: has established a \$45m support package for international students facing hardship due to COVID-19. As part of the International Student

Emergency Relief Fund, the State's international students could be eligible for relief payments of up to \$1,100, co-contributed by Victorian universities. More than 100,000 higher education international students in the state are facing hardship after losing work due to COVID-19. In Victoria, universities contributed \$7.5b in export income in 2018-19, supporting thousands of local jobs.

- The New South Wales: has announced that it will fund temporary crisis accommodation for international students who are facing hardship due to COVID-19. The \$20m relief package will include a temporary housing scheme and student support services targeted at students in "genuine need" and delivered through approved student accommodation or homestay providers. The support services also include provides increased access to the International Legal Service NSW and free advice and information around the moratorium on rental evictions and medical, mental health, legal and emergency support via a COVID-19 hotline.

### Broader state support

So far, the Victorian Government has led the way on providing broader support for the higher education sector in the state, announcing a further \$350m to support Victoria's universities and to assist with the state's economic recovery.

A core component of the package is the creation of the Victorian Higher Education State Investment Fund to boost university capital works, applied research and research partnerships. Importantly, the Victorian Government will also provide payroll tax deferrals worth \$110m to assist with short-term cashflow challenges.

The actions of the states and territories – particularly that of the Victorian Government – contrast sharply with the inaction of the Federal Government in response to the COVID-19 crisis in the sector. It appears the states and territories understand the importance of the higher education sector not only in terms of economic contributions, but in their role in the recovery for their states and territories more broadly. However, the Federal Government does not appear to share these sentiments.

## **13. Overseas Government Responses to Higher Education**

It is also worth comparing how other countries are supporting their higher education sectors where COVID-19 has had an impact.

Global investment firm Moodys has released analysis on the international impact of COVID-19 on higher education (Global Impact Assessment Report published 7 April 2020). In its report, Moodys predicts the negative effects on universities across the world to continue for the next 12 months, resulting in lower student demand, lost income due to ongoing campus closures, higher expenses, and balance sheet erosion. It notes however, that some countries will be far more adversely affected by others. While much depends on the spread of the pandemic in that country, the pre-COVID-19 financial conditions and the financial support offered by government play a pivotal role. It's worth noting that of all the OECD higher education countries, Australia is considered particularly at risk due to our high reliance on international student fee income.

Not surprisingly, Moody's has predicted greater uncertainty surrounding the next recruitment cycle and lower domestic and international student enrolments for the next academic year internationally. In 2017, the Organisation for Economic Co-operation and Development (OECD) estimated that over 5.3m students were studying globally, placing international student mobility at its highest level to date. In countries where the pandemic is contained earlier and university campuses are able to reopen before the next academic year, the effects of COVID-19 on both student demand and institution budgets will be more manageable. However, international student flows (noting that Australia has the third largest number of international students in the OECD, behind the USA and UK) will depend on both how the outbreak and policy responses evolve in individual countries – both within the prospective host country and in the student's own country of origin.

While Moodys has identified public US universities to be at the highest longer term risk compared to their global peers due to potential government funding cuts and lower investment income, they have also identified Australian universities to be at the greatest immediate credit risk. This is due to Australia's higher education sector's comparatively heavy reliance on international students and the timing of our academic year, which coincided with pandemic.

That said, Australia is one of the countries best placed to leverage from a predicted downturn in the international student market in countries such as the US, but that will require the right policy settings and messaging, and for our sector to have the staffing and resources ready to accommodate these students. Countries such as Singapore, Canada and the UK are looking to boost their share of international student market and have started to implement policy to attract international students.

Below is an overview of the impact of Government responses to COVID-19 in selected countries with a significant population of international students or (in the case of New Zealand) geographically close. Like in Australia, universities in these countries are particularly exposed to financial risk because of COVID-19 related bans and the falls in international student fee income. The US and UK are particularly at risk of job losses and government support has to date been considered insufficient. Without a strategic plan to constrain the industrial impacts of the more extreme cost savings measures in these countries, the fallout from COVID-19 is likely to be felt for many years to come.

### New Zealand

On 14 May the New Zealand Government announced that universities will attract a portion of approximately NZ\$1.6b in new tertiary education spending outlined in the 2020 budget.

While vocational colleges will draw the bulk of the new tertiary education money, it is anticipated there will be around NZ\$600m in extra funding for the university sector over the next four years. There is also around NZ\$20b of recovery money to still be allocated.

The announced measures include NZ\$412m to help employers retain their apprentices and NZ\$320m for free trades training. The government has extended eligibility for "fees-free" vocational training to all unemployed people rather than just school-leavers.

An extra NZ\$334m has also been earmarked for additional tertiary enrolments, allowing higher education providers to increase their student load.

Universities will also benefit from a 1.6 per cent subsidy rate adjustment to tuition funding, although research grant rates would remain unchanged.

The budget includes a NZ\$20m hardship fund for students, who also stand to benefit from an eight-week extension to the country's multibillion-dollar wage subsidy scheme and a further NZ\$10m to repair earthquake-damaged science facilities at Lincoln University, near Christchurch.

## US

The US higher education sector has been severely impacted by COVID-19. A US\$2t emergency relief package passed in March includes the Education Stabilization Fund totalling \$31b. Of this, \$13.5b is for elementary and secondary education, and \$14b for higher education to defray expenses such as lost revenue; technology costs associated with a transition to distance education; and grants to students for food, housing, course materials, technology, healthcare and child care and \$1b to cover minority-serving institutions. \$12.6b of the ESF will come directly from Department of Education to colleges and universities.

IHEs receiving funding must retain current employees to the "maximum extent practicable. The Federal Government has also introduced a number of regulatory Higher Education Waivers, and some relaxation around student loan provisions and repayments. However, it is seen as not enough to deal with the COVID-19 crisis for tertiary education in the US, and in particular, the expectation is that the international student market will be negatively affected for a number of years to come.

## Canada

In Canada, provincial funding accounts for approximately 40% of university revenues, with funding calculated on a per student basis as well as broad-based funding allocations. While general provincial funding cuts in response to the pandemic are not expected universities may be exposed to lower funding given lower enrolment. In relation to international students, the Canadian government has taken a step in allowing more flexibility for students that were planning to come to Canada this spring to begin their programmes online, but there has not yet been a determination as to how this approach might apply for fall commencements.

Most research is funded through federal government grants, also expected to remain in line with previous forecasts. While Canadian universities may lower their spend rate to protect their endowments from a decline in investment income, they tend to rely less on this revenue stream than their US peers.

## UK

On 4 May the UK government announced a package of support for universities, including bringing forward £2.6b in tuition fee payments. The new measures also include a student number control system in England designed to stabilise admissions and university finances. Higher education providers will be able to recruit full-time undergraduate UK and EU students for 2020-21 up to a temporary set level, based on their forecasts for the next academic year, plus an additional 5 per cent.

The government will also have the "discretion" to allocate an additional 10,000 places, with 5,000 ring-fenced for nursing, midwifery, or allied health courses to support the country's vital public services.

However, this has disappointed many in the sector, with concerns the financial measures do not go far enough to protect universities and could introduce more problems into the sector.

The measures include and bringing forward £100m of quality-related research funding. However, there will not be any discounts or rebates for students whose courses have moved online.



It's worth noting that teaching grants have been steadily declining for several years, representing only a small proportion (13%) of universities' total income. The Government has not addressed support for losses in international student fee income.

On 10 April, Universities UK (UUK) proposed a sweeping package of relief measures for British universities. The UUK proposal calls for billions of pounds in relief funding and a variety of policy measures aimed at easing the pandemic's impacts. This includes a proposal for 'additional flexibilities' in the visa system to support international students planning to start courses this autumn including allowing those students already here to switch visa category in country (extending current arrangements beyond 31st May) and flexibility on English language and other requirements for visa applications, where these cannot be provided due to the closure of testing centres or disruption to examinations.

## 14. NTEU 2020 Vision – A Sustainable Framework for Higher Education

The Union has been advocating for a 10% increase over 4 years of public funding for commonwealth supported places. Under our proposal, this is not obligation-free money; universities would need to deliver student places and significant reforms, and some institutions may be impacted with soft enrolments (particularly those in regional and rural areas). However, it is the only long-term solution that addresses both the current crisis and the funding reductions over the last decade that has seen the sector since 2011 lose billions of dollars of public investment.

Notwithstanding the current situation, the NTEU maintains that the Government should also restore funding based on the number of students enrolled as well as reinstate indexation of university grants base through the restoration of the Higher Education Grants Index which, in addition to CPI, also included increases in professional and technical salaries.

NTEU's alternate funding framework for the sector (see Appendix A) is the only level proposal to date that takes into account both the need for funding reform and the fact that public investment in Australian higher education is not only low by world standards, but has been declining over the last decade. In calling on the Government to make a medium to long term commitment that both increases and sustains public investment in our universities (at 1% of GDP) Australia would be moved from being at the bottom of the OECD public investment in tertiary education league tables to about the OECD average.

We are proposing that this be phased over the medium to long term, but this level of funding would secure a sustainable higher education sector and allow for several important policy initiatives, including:

- Student contributions (tuition fees) for domestic undergraduate students to be phased out.
- Level of real funding per Commonwealth supported place (CSP) to be increased by 10%.
- Public investment in research, research training and student support and equity programs to be substantially increased.

The NTEU has also proposed an alternative policy framework that would deliver this sustainable university funding system that is both transparent and equitable. This public accountability funding and regulatory framework is detailed in the NTEU's publication Towards a sustainable policy framework for Australian higher education, but put simply, creates a flexible, coordinated model for the allocation of Commonwealth Supported Places (CSPs).

Within this framework universities would exercise control over how many students they enrol, while the Commonwealth would be assured that all students enrolling in a public university receive a high-quality education and a genuine opportunity to complete their studies.

Excessive red tape and compliance costs associated with the funding and regulation of universities would be significantly reduced by replacing several existing planning and funding agreements with Public Accountability Agreements (PAAs). PAAs would be negotiated and administered by an independent agency or council, at arms-length from Government, with statutory planning and funding responsibilities. PAAs would also be used as a mechanism to help achieve other goals and objectives that a university or the government may determine as being critical, such as addressing important equity issues, especially amongst under-represented student groups.

NTEU promoted this vision for the sector prior to COVID-19. Given the Government's agenda for change, it is even more vital that we have a sector wide review of the role of Government in supporting tertiary education and how universities are to be placed in order to meet the future needs of the country.

### iii. Appendix A – NTEU's Alternative Funding Model

NTEU does not support the re-introduction of quotas (or hard caps) as was the case when the Commonwealth government allocated each university a number of CSPs in each discipline cluster.

On the other hand, we have also been consistently critical of the introduction of a free-for-all market driven system, as introduced to VET in Victoria which resulted in a significant waste of public resources, the undermining of the financial viability of many public TAFE colleges, and poor education outcomes for many students.

It is critical that we acknowledge that universities and other higher education providers are accountable for the billions of dollars of public funding they receive. These public funds should be used in a strategic way to help meet broader public, economic and social objectives. The alternative funding model proposed by the NTEU seeks to meet the objectives of students and institutions as well as the broader community, including employers.

#### a) A flexible coordinated model for the allocation of Commonwealth Supported Places (CSPs)

Currently each university is required to produce a number of documents in which there is considerable overlap and duplication. For example, universities regularly:

- develop strategic plans
- negotiate Mission Based Compacts
- enter into funding agreements with the Commonwealth, and
- complete Institution Performance Portfolios (IPPs).

In order to reduce red tape, the NTEU is proposing that all of the above be consolidated into a single document and process that is used to better plan and coordinate the distribution of public funding and publicly supported places at our universities.

This single document could be referred to as a Public Accountability Agreement (PAA), which would incorporate aspects of a university's strategic plan as a funding compact between the university and community through the appropriate government agency, currently the Department of Education. Another way of conceptualising the proposal is that it would give more weight to current mission based compacts in relation to learning and teaching by incorporating a more detailed set of targets on student load and thus form the base of funding agreements and performance appraisals. That is, the learning and teaching section of current compacts would more closely mirror the research and research training components.

#### b) Public Accountability Agreements (PAAs) at the core of a flexible coordinated model

Without attempting to be too specific, each university could lodge a PAA every four years. Like current strategic plans (or mission-based compacts) it would include statements for each of its key areas of activity (teaching, research, community engagement) which outline:

- what it wants to achieve (objectives),
- how it intends to achieve it (approach), and
- how it will know whether it has achieved its objectives (quality assurance and accountability).

Our public universities should also explain what consultations they have engaged in with members of their communities (including staff, students, other educational and public service providers, professional bodies, local Aboriginal and Torres Strait Islander community, local business and community forums, etc.) to develop these plans. Such a statement would give the government some reassurance that the direction being undertaken by any individual university is not at odds with the communities it serves.

In addition the PAA would include targets in relation to CSPs by broad disciplinary categories (as defined by CGS funding clusters) as well as other strategies that a university, and/or the government may determine as being critical to achieving broader equity or quality control issues, notably in supporting regional universities' missions. For example, PAAs could contain strategies or plans to lift participation rates for students from disadvantaged backgrounds. Additional funding to support these plans might be made conditional on achieving certain outcomes.

Importantly, each university would not be required to negotiate or seek agreement from the Commonwealth in relation to its CSP targets. It would develop these targets based on its expectations of the number of students it anticipates it can attract and provide a quality university education.

Where a university is proposing significant changes (for example +/-15% over a four year period) in the CSP targets (compared to current enrolments) it would be required to provide a rationale and evidence base for such changes.

The targets for CSP funding would also provide the basis for a four-year Commonwealth Grants Scheme (CGS) funding agreement, which would form a part of the PAA, and form the basis for a significantly simplified performance audit to replace the Institutional Performance Portfolio (IPP). The performance audit against the specified targets would take place at the end of each four year PAA.

In order to ensure that a system of four year PAAs compacts does not unnecessarily hamper individual universities or the sector's capacity to respond to changing student demand, universities would be permitted to change their targets between four year PAAs, but would be required to notify the Commonwealth for any significant departures from the original targets and consequential amendments to funding arrangements.

Public Accountability Agreements would:

- Help plan and manage the number of CSPs to be offered, and
- Ensure that each institution has the capacity to offer students a high quality education experience.

### c) Planning and management of student load

In negotiating a PAA each provider would be required to specify the number of Commonwealth-supported students it would plan to offer in each of the broad funding clusters for the four year period covered by the compact, as shown below in Table 11.

**Table 11: broad funding clusters for the four-year period 2015-2019**

Funding Cluster	Existing CSP Load	Projected CSP Load				Change 2016-19	
	2015	2016	2017	2018	2019	CSP	%
Law, accounting, commerce, economics, administration	2,000	2,080	2,160	2,220	2,300	300	15%
Humanities	3,500	3,510	3,520	3,530	3,540	40	1%
Computing, Built Environ, Other Health	650	660	670	680	690	40	6%
Mathematics, Statistics	120	90	60	30	0	-120	-100%
Behavioural science	480	495	510	525	540	60	13%
Social studies	2,150	2,165	2,180	2,195	2,210	60	3%
Education	750	785	810	845	870	120	16%
Clinical psychology, foreign language	110	110	110	110	110	0	0%
Visual and performing arts	0	0	0	0	0	0	0%
Allied health	80	90	100	110	120	40	50%
Nursing	240	228	216	204	192	-48	-20%
Engineering, science, surveying	150	145	140	145	150	0	0%
Dentistry, medicine, veterinary science	0	0	0	15	25	25	100%
Agriculture	20	13	6	0	0	-20	-100%
<b>Total</b>	<b>12,265</b>	<b>12,387</b>	<b>12,499</b>	<b>12,627</b>	<b>12,766</b>	<b>501</b>	<b>4%</b>

By gathering this information from all providers eligible for the receipt of public funding, the government, informed by the advice of an independent body, will not only have a better sense and assurance of its overall level of expenditure, but will also be able to marry this information with other economy wide workforce planning data to determine whether the planned offerings match the future workforce needs of the Australian economy. Where there appears to be a significant mismatch between the skills needed, and what universities intend to offer, the government could negotiate with providers (or use some other form of incentives) to achieve a better balance between qualifications, skills and workforce needs. In addition to helping the Commonwealth having a better basis for determining its future financial commitments, it would also assist providers in determining their course offerings and help students in decisions about what to study and where.

#### d) Capacity

In addition to shaping the number and composition of student enrolments into the future, PAAs are also critical for the government to be able to satisfy itself that individual institutions have the capacity to offer students a high-quality educational experience.

That is, each institution must be able to demonstrate that it has the capacity to ensure that every student offered a place in one of its courses can successfully complete that course. Therefore, if the university is offering places to students with relatively weak academic backgrounds, it must be able to demonstrate that sufficient academic support is available to allow students to catch-up. Likewise, a university should be able to guarantee every student an appropriate practical placement where such a placement is a requirement for professional recognition.

On the assumption that each provider has a record of satisfactory performance to date, the agreements would require each institution that plans to increase its student load by more than 15% over the four year period to demonstrate that it has the ability to meet specified capacity related requirements. For example, an institution might be required to explain what impact the planned growth in student load would have and how it would deal with issues such as:

- Student entry requirements,
- Attrition/progression rates,
- Completions,
- Employment or other graduate destinations,
- The proportion of senior academic staff to total staff,
- Reliance on casual academic staff,
- Staff to student ratios.

While some universities might argue that such requirements would add to compliance costs, we would note that this list was largely derived from the list of 'risk factors' that will be collected by Tertiary Education Quality and Standards Agency (TEQSA) as part of its Risk Assessment Framework, and is data that universities are already required to supply.

By way of example, assume that University X plans to increase its enrolments in engineering by 20% over the next four years its PAA would not only have to demonstrate it had the physical and staffing capacity to provide the additional students with a quality educational experience, it would be required indicate what impact such an expansion would have on student entry requirements and progression rates and the consequences this might have on the need to supply student support. Indeed, the PAA might anticipate that some the potential issues associated with enrolling a greater number of less well academically prepared students would be alleviated by introduction of an alternative pathway program into a bachelor's degree in engineering.

As mentioned above each university should also be required to demonstrate its capacity to provide a placement for every student it enrolls in a course requiring the completion of practicum. For example, PAA could be used as way of ensuring that universities restrict the increase in their enrolments in courses like teacher education and nursing according to the number of students that require an appropriate placement.

Where the university plans to decrease its enrolments by more than 15% it would need to demonstrate either that there is no ongoing demand for such qualifications and/or that students have viable alternative options to pursue their studies.

In summary, Public Accountability Agreements, would not only act as an instrument in facilitating sector-wide management in terms of overall student enrolments, they would also form an important part of the quality control by requiring each institution to demonstrate it has the capacity to provide students with a quality education and educational experience.



e) Costings

The cost associated with the introduction of NTEU's alternative regulatory and funding framework will be determined by:

- CSP load, and
- the level of funding per CSP relative to current funding levels.

As outlined above the purpose of the PAA is to provide a tool for the Commonwealth to allow them to between plan and manage CSP load and therefore give greater confidence in estimating future budgetary outlays. Having a greater level of certainty also means that the Commonwealth would have the capacity to increase public funding per student. This would therefore provide a framework for the policy decisions of the government.

Given that our public universities are already expected to negotiate Mission Based Compacts and provide extensive data to the Commonwealth and TEQSA, we do not expect the administration of PAAs to add to existing administrative or compliance cost of either the Commonwealth or the universities.