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**NTEU NATIONAL OFFICE SUBMISSION TO THE  
SENATE EMPLOYMENT WORKPLACE  
RELATIONS AND EDUCATION COMMITTEE**

**INQUIRY INTO HIGHER EDUCATION FUNDING  
AND REGULATORY LEGISLATION**

**SEPTEMBER 2003**

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## INTRODUCTION

The National Tertiary Education Union (NTEU) welcomes this opportunity to participate in the Senate Inquiry into *Our Universities: Backing Australia's Future*.

The proposals in Backing Australia's Future represent the biggest shake-up of higher education in nearly a decade, and it is vital that they be subject to in-depth examination and debate and an informed choice be made as to which aspects of the package merit support or opposition. Australian higher education is already one of the most deregulated in the world - student fees are among the highest in the world and industrial rights for staff are dependant upon collective bargaining agreements. One of the key questions for discussion during the Inquiry is what are the likely impacts of adopting further deregulation – on students, on staff, on institutions and on the economic, social and cultural roles for Australian universities.

The NTEU strongly believes that while Backing Australia's Future contains some positive features; overall the key proposals contained in the new funding system will take our public universities in the wrong direction, with major implications for access to universities and their status as public institutions producing public goods that contribute to the nation's social, economic and cultural infrastructure. Universities provide both public and private benefits to the community at large, as well as to the individuals studying and working in Australia's universities. The outcome of the discussions on the Government's policy changes will affect most Australians. Australia is a small country, and needs to leverage our knowledge base in a global society and economy if we are to increase opportunities for all. Universities play a critical role here.

Our recommendations follow:

### **Recommendation 1**

**The Senate reaffirm the importance of providing adequate and sustainable public funding for universities, and recommend to the Government that research carried out on the public and fiscal rate of return from higher education be used as part of determining the optimal level of investment in the sector.**

### **Recommendation 2**

**The Senate recommend that new Commonwealth Grants Scheme be opposed in its current configuration because of the inequitable redistribution of Government funding amongst Australia's public universities, particularly those that enrol large numbers of students from low socio-economic and mature-age backgrounds.**

### **Recommendation 3**

**The Senate support the Commonwealth's commitment to fully funding over-enrolled student places.**

### **Recommendation 4**

**That the proposal to double the number of full fee paying places in Australia's public university system and the introduction of the full fee paying loans scheme be opposed on the basis that access to public higher education be based on merit and not ability to pay.**

#### **Recommendation 5**

**That the Senate oppose outright any policies that allow universities to increase fees above current HECS charges on the basis that:**

- **Australian students already pay amongst the highest fees in the world, with student contributions to the cost of their university education having already doubled since 1996;**
- **Higher fees will have a particularly inequitable impact on students from disadvantaged backgrounds.**

#### **Recommendation 6**

**The Commonwealth undertake research into the broader social and economic impacts of increasing levels of student debt.**

#### **Recommendation 7**

**That the Senate recommend to the Government an increase in the HECS repayment threshold to average graduate starting salaries of around \$35,000 per year.**

#### **Recommendation 8**

**That the Senate amend the National Priority setting strategy so that it:**

- **Addresses more adequately the issue of unmet demand in nursing and teaching courses by increasing the number of government subsidised university places above that committed to in *Backing Australia's Future*;**
- **Addresses the high cost of teaching practicum and nursing clinical practice by providing greater funding in addition to the Commonwealth's current contribution to the overall cost of such courses;**
- **Addresses the problem that industry standards, including accreditation and registration, for nursing and teaching require a postgraduate component. On this basis the Commonwealth should maintain the prohibition on fees for nursing and teaching postgraduate courses;**
- **Develops a mechanism for periodically reviewing the effect of setting National Priorities on workforce needs.**

#### **Recommendation 9**

**The Senate recommend that the Regional Loading be adjusted so that:**

- **No cap be placed on the level of expenditure on Regional Loadings;**
- **The actual loading be determined on the basis of the actual cost of educating students at particular campuses.**

**In addition, that the Commonwealth exclude students from rural and regional areas from proposed fee increases in the same way as nurse and teacher education students have been excluded under the National Priority areas.**

#### **Recommendation 10**

**The Senate recommends that the Government explore the feasibility of extending National Priority status to students from low socio-economic and Indigenous backgrounds.**

#### **Recommendation 11**

**That the Senate oppose the proposal to establish a Learning Entitlement on the grounds that such a move will:**

- Be detrimental to life-long learning;
- Have negative implications for higher education access and completion, particularly for disadvantaged groups;
- Be a barrier to mature age students;
- Subject universities to unreasonable compliance costs.

#### **Recommendation 12**

That the Commonwealth be guided by the following principles in developing further research policy in developing a national research strategy:

- A commitment to adequate Commonwealth funding of basic research in Australian universities through increasing funds available for fundamental research in the second Innovation package;
- The importance of university teaching being linked with and informed by research and maintaining academic appointment structures that encompass both activities;
- An increase in research infrastructure funding commensurate with the increases in costs of equipment and conduct of research;
- Provision of incentives for industry investment in research by increasing the across-the-board R&D tax concession to 150%, and maintaining the 'premium' tax concession of 175% for business that invest heavily in R&D;
- Sufficiently funding ARC grants to incorporate the full funding of salary component for Chief Investigators and other research staff;
- Developing a national protocol guiding research commercialisation that recognizes economic and moral rights of researchers.

#### **Recommendation 13**

That the Senate reject any plan to extend access to subsidised student places and loans schemes for private higher education providers in the absence of clear, consistent, rigorous and national criteria and processes for opening up government subsidisation of places to a wider group of private providers.

#### **Recommendation 14**

That the proposed *National Governance Protocols for Public Higher Education Institutions* be amended to state the following:

- The governing body's primary responsibilities include the Institution's role as a public institution and ensuring that academic freedom and institutional autonomy are guaranteed and protected;
- The recognition of the vital role that university students and staff play on governing bodies and their right to participate in governing bodies and criticise the functioning of higher education institutions, including their own, as set out in the *Recommendation Concerning the Status of Higher Education Teaching Personnel*, adopted by the 1997 General Conference of UNESCO;
- The right of members of governing bodies to communicate with all university stakeholders and the general public. The *Protocols* should be amended to include the recognition that acting as a conduit for the views of particular constituencies is a key function of governing body members and is not a conflict of interest;

- The right of members of governing bodies to the full and timely provision of essential information about the operation of the institution on whose governing body they serve;
- The existence of adequate workload release provisions for staff involved in governing bodies and other governance functions of the institution, including compensation for expenses such as childcare;
- A flexible approach to the size and composition of governing bodies that ensures a better balance between breadth of membership and depth of expertise, rather than a Commonwealth mandated maximum number of members;
- That the involvement of members of any State or Commonwealth parliament be left to the discretion of the institution concerned;
- That risk management procedures should include the need for an evaluation and review of the performance of governing bodies;
- That measures to oversee controlled entities include the stipulation that resulting documentation be publicly available, in line with universities' public sector obligations.

#### **Recommendation 15**

That academic freedom rights be legislatively guaranteed for higher education teaching and research staff as outlined in the UNESCO Recommendation on Higher Education Teaching Personnel, 1997.

#### **Recommendation 16**

That the Senate require the Government to disclose fully to the Senate any policy and/or statutory guidelines it has made, or intends to make, pursuant to its Statements at Section 2.2 of the BAF Statement in relation to:

- “compliance with” the Commonwealth’s workplace relations policies, and
- what constitutes enterprise agreements precluding the option of negotiating AWAs.

#### **Recommendation 17**

That the Senate ensure that any higher education legislative package does not reduce the institutional autonomy of universities by allowing the Minister to take into account, when allocating funds, the legitimate choices made by employers, employees and unions in negotiating industrial agreements and in other matters concerned with industrial relations within higher education.

#### **Recommendation 18**

That the Senate reject any measures that further restrict the right of employees to take protected industrial action under the *Workplace Relations Act*.

#### **Recommendation 19**

The Senate oppose legislation to prohibit universal student union membership.

#### **Recommendation 20**

That the Senate recognise the importance of the Indigenous support fund and propose increases beyond that indicated in the package, and that the Commonwealth ensure that the actual level of ISF provided to each university does not decrease in real terms within the current triennium. In addition the

**Commonwealth provide separate and additional resources for the establishment of the Universities Aboriginal Advisory committees and Indigenous employment strategies. ISF Funding should not be contingent on the establishment of the Advisory committees or institutional Indigenous employment strategies.**

**Recommendation 21**

**The Minister engage in discussion with the Indigenous Higher Education Advisory Council to develop an appropriate Commonwealth response to the continuing disproportionate under-representation of Indigenous employees in the Higher Education Sector;**

**The Senate recommend that the provision of 5 Indigenous staff scholarships be increased to 25 per year and that 10 of these will specifically target Indigenous general staff in higher education;**

**The Senate recommend that the Commonwealth provide additional resources to assist institutions to backfill positions of recipients of the scholarships when undertaking study leave.**

**Recommendation 22**

**The Commonwealth ensure the allocation for the establishment of the Indigenous Higher Education Advisory Council will meet the operation expenditure needs of the Council;**

**The Commonwealth move to establish the Council with appropriate administrative support before the end of 2003 and subsequent to Commonwealth endorsement of the Council structure proposed by Indigenous Higher Education Representatives.**

**Recommendation 23**

**The Commonwealth provide specific funding and resources to strengthen the establishment and operations of local Indigenous education and advisory groups nationally to support the development of effective and appropriate Indigenous Education Policies and strategies.**

**Recommendation 24**

**The Senate recommends that the Commonwealth double the amounts available under these scholarships and exempt income from these awards from Centrelink means testing for Youth Allowance, Abstudy or other relevant Centrelink allowances;**

**The Senate recommends that the Commonwealth put in place measures that ensure the equitable distribution of the Commonwealth learning scholarships to Indigenous students by universities.**

# 1. THE PRINCIPLES OF THE GOVERNMENT'S HIGHER EDUCATION PACKAGE

Backing Australia's Future (BAF) represents the outcome of a 12-month long review of higher education, the third in six years. The breadth and depth of the debate that took place during the review was overwhelmingly positive, particularly the emphasis from many stakeholders that universities are not just engines of economic growth and innovation associated with research and teaching, but are significant employers with subsequent multiplier effects throughout their communities. Universities also play significant roles in advancing our social and cultural development.

In our immediate response to the release of the package on Budget night, the NTEU said:

*"The Union will be examining the affordability and equity consequences of the fee increases as well as ascertaining whether the workplace reform conditions are simply an ideological attack on the union. If this is the case we will oppose them."*

The Union's conclusion, after a detailed examination of the package, is that while it may contain a number of constructive initiatives, its key proposals will have negative consequences for the majority of universities and the communities they serve and we urge the Senate to reject or amend these.

Our analysis of the package has been made difficult by the fact that so many aspects of Backing Australia's Future remain unclear. Most obviously, as of writing this submission, legislation to enact the package has still not been introduced into the House of Representatives. Information is also lacking about the following key aspects of the package:

- a. Data used by the Department of Education, Science and Training to estimate how the new Commonwealth Grant Scheme (CGS) will impact individual institutions.
- b. Policies, regulations or conditions set by Government in order that universities receive additional CGS loadings.
- c. Guidelines for the proposed Workplace Productivity Programme.
- d. Details pertaining to the circumstances under which individuals will be granted additional Learning Entitlement.
- e. Specific details relating to the Learning and Teaching Performance Fund.
- f. The process for selecting which private providers will deliver the additional National Priority places and gain access to full fee loans, and what criteria they must meet.

Reflecting concerns about the lack of crucial information about the package, the NTEU would urge the Senate to require that the Government fully disclose any policy and/or statutory guidelines it has made, or intends to make, in relation to the *Backing Australia's Future* package before making any decision regarding its status. The proposed changes are very significant, and it is important that both the parliament and the sector have all the information available necessary for effective and socially responsible decision-making.

## **Framing the debate: Private and Public Returns to Education**

Higher education expenditure needs to be considered as an investment in human capital that provides net benefits not only to individuals who benefit from that education (graduates), but also to the broader society (including employers), and ultimately the Government's budget bottom line. Yet, throughout the consultations on the "Crossroads" proposals, Government concentrated only on the private returns to individuals who have benefited directly from higher education. There was little response to the importance of positive returns to our economy and society that arise from investment in higher education.

There is an extensive body of literature that outlines the nature of these positive returns and explicitly acknowledges that the returns are not limited to private individuals who are educated, but are spread more broadly throughout a society in the form of public or social returns. It is the existence of these public or social returns (positive externalities) that provides the economic justification for government investment in higher education. This literature argues that the return on expenditure on higher education of some \$9 billion is \$22 billion. This includes increased human capital (\$9 billion), the spillover effects of research (\$2.3 billion) and the direct expenditure by universities (\$10.4 billion). In addition the social rate of return on research and development is higher than the private rate of return on R&D, with the spillover effects of R&D higher for public university research than for private industry research. From a balance-sheet approach, Government makes a \$2.7 billion profit on teaching. Overall, the average rate of return to government from investment in higher education is about 11%.<sup>1</sup>

The central policy role of investment in human capital, including higher education, is critical for enhancing broad social and economic standards of living, as indicated by the OECD.

*Investment in human capital is at the heart of strategies in OECD countries to promote economic prosperity, fuller employment, and social cohesion.*<sup>2</sup>

Table 1 shows there are at least four groups who are likely to derive positive returns from investment in higher education. These returns have been divided into private and public returns.

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<sup>1</sup> See in particular the following: Helen Cabalu, Peter Kenyon, & Paul Koshy, *Of Dollars and Cents: Valuing the Economic Contribution of Universities to the Australian Economy*, Business/Higher Education Round Table, Melbourne, 2000; David Johnson and Roger Wilkins, *The Net Benefit to Government of Higher Education: A "Balance Sheet" Approach*, Melbourne Institute of Applied Economic and Social research, Working Paper No 5/02, 2002.

<sup>2</sup> OECD, *Human Capital Investment: An International Comparison*, 1999, p.7

**Table 1**  
**Private and Public Returns to investment in education**

| Private Returns           |   | Public Returns                |  |
|---------------------------|---|-------------------------------|--|
| Recipients                | Nature of Benefits                              | Recipients                    | Nature of Benefits   |
| 1. Graduates              | higher income compared to non-graduates         | 3. Society                    | <ul style="list-style-type: none"> <li>• better educated community</li> <li>• more socially and culturally aware citizens</li> <li>• more productive labour force</li> <li>• higher economic growth</li> </ul> |
| 2. Employers of Graduates | more productive employees, higher profitability | 4. Fiscal (Government Budget) | higher taxation revenues from higher economic growth and income  |

The failure to assess what the nature and/or scope of these benefits are makes it difficult to assess what the optimal level of investment in higher education in Australia should be and therefore to determine the appropriate level of contributions from private (both graduates and their employers) and public sources.

A 1999 OECD report provided estimates of the private, social and fiscal rates of returns for university education in 1995 for a number of selected OECD countries, including Australia, the results of which are reported in Table 2.

The **private rate of return** estimates the net benefit that graduates gain through higher earnings over their working life as result of having a university degree. Based on the data in Table 2, an Australian male graduate would earn 14% over their life compared to a non-graduate, while a female would earn 21% more.

The **fiscal rate of return** measures the net benefit to the Government's budget bottom line for every dollar invested in higher education. For Australia, this means that for every dollar the government invests in higher education they will either receive additional taxes or pay lower welfare to the value of \$1.10. A recent study by Johnson and Wilkins<sup>3</sup> estimated that tertiary education provided a net benefit to the Commonwealth Budget of about \$9.6b in 2001-02 and this was estimated to rise to over \$12 billion by 2010-11.

The **social rate of return** measures the combined private and fiscal returns. It should be emphasised that the social rate of return in particular is considered to be a narrow estimate in that it does not attempt to estimate the broader macro-economic impacts of higher education in relation to improved productivity and higher economic growth rates that are likely to be a consequence of investing in higher education.

<sup>3</sup> David Johnson and Roger Wilkins, *The Net Benefit to Government of Higher Education: A 'Balance Sheet' Approach*, Economic Papers, June 2003, Vol 22, No. 2. pp 1-20, (Table 2 page 11).

**Table 2**  
**Estimates of private, fiscal and social rates of return at university tertiary level for selected OECD countries 1995**

| Country       | Men     |        |        | Women   |        |        |
|---------------|---------|--------|--------|---------|--------|--------|
|               | Private | Fiscal | Social | Private | Fiscal | Social |
| Australia     | 14      | 10     | 11     | 21      | 10     | 13     |
| Belgium       | 14      | 9      | 9      | 8       | 13     | 9      |
| Canada        | 14      | 7      | 9      | 21      | 7      | 11     |
| Denmark       | 8       | 8      | 8      | 7       | 8      | 8      |
| France        | 20      | 11     | 13     | 28      | 9      | 13     |
| Sweden        | -       | 6      | 9      | -       | 4      | 7      |
| United States | 11      | 9      | 10     | 12      | 9      | 11     |

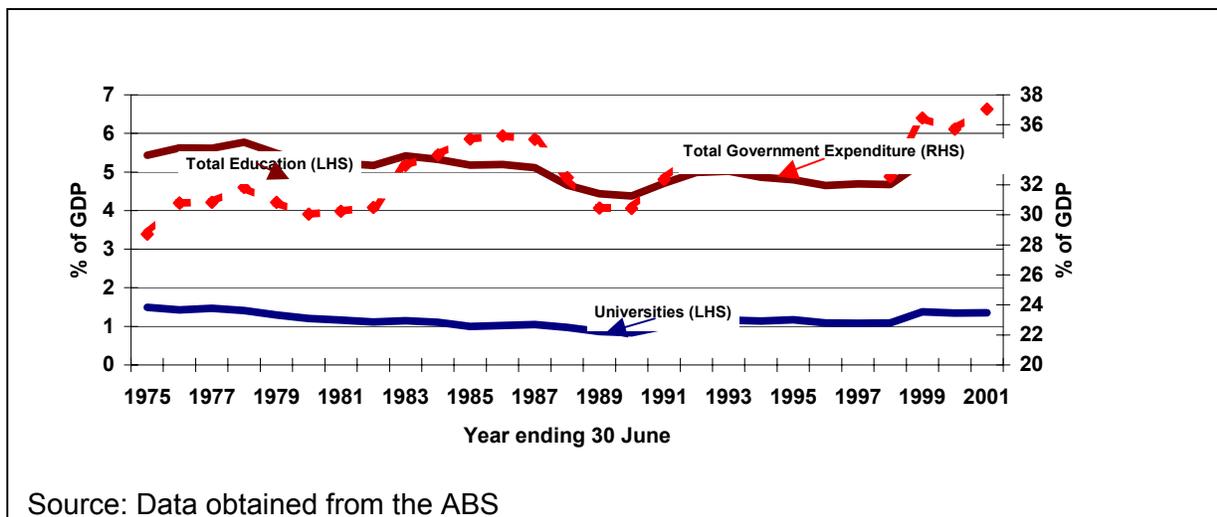
Source: OECD (1999) Table A4.3 page 112

In addition to explicitly identifying and estimating different rates of return from university education, Table 2 also indicates that these rates of return for Australia are as high or higher than for other comparable economies with the exception of France. The data shows that for Australia, higher education is a very good investment not only for graduates, but also for the community. Government also benefits in terms of the Budget bottom line.

However the current pattern is that we are spending less and less of our GDP on education and higher education in particular. Figure 1 shows that government expenditure on total education and on universities decreased significantly over the period. Between 1974-75 and 1997-98, government expenditure on education as a percentage of our GDP fell by 13.9%, with the comparable figure for universities falling by 26.9%. This is despite the fact that government expenditure as a share of GDP over the same period actually increased by 13.4%.

In other words, the decline in the government expenditure on education did not reflect an overall decline in total government expenditure, but rather a reallocation of expenditure priorities.

**Figure 1**  
**Government Expenditures as % of GDP Australia 1974-75 to 2000-01**



Over the same period as the Government's share of expenditure on education was declining, private investment on total education rose, as shown in Figure 2. Indeed total expenditure (public and private) rose slightly over the period. The private share of expenditure on education rose from about 10% in 1974-75 to 25% in 1998-99.

**Figure 2**  
**Private and Public Expenditure on Total Education Australia 1975 to 2001**  
**(% GDP)**

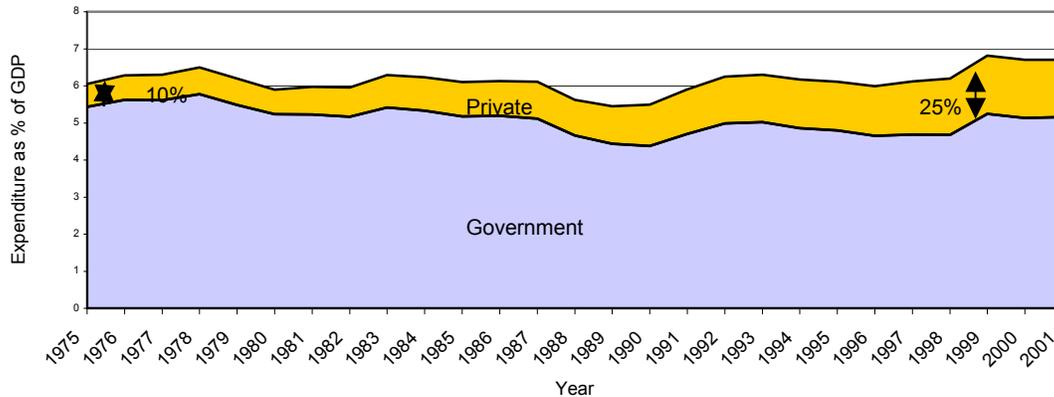
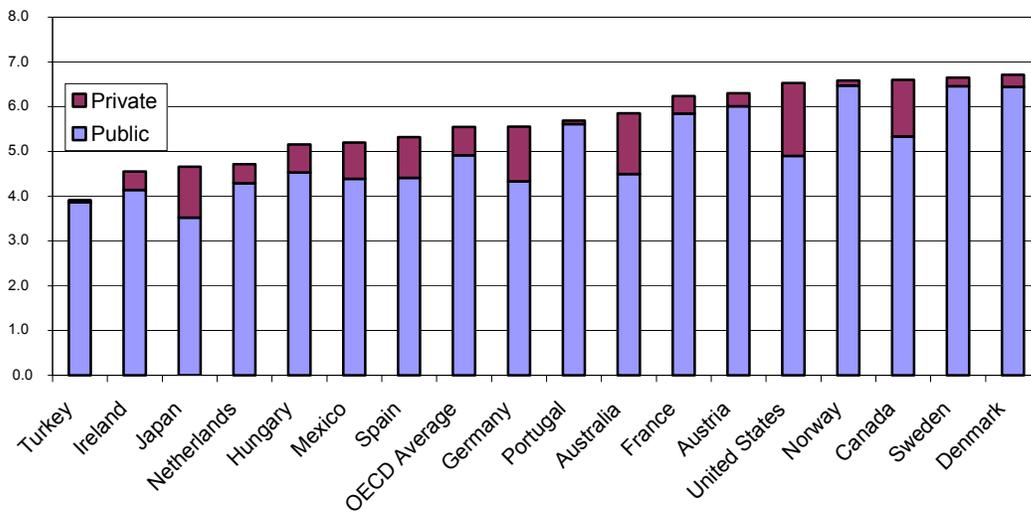


Figure 3 puts this data in an international context and shows private and public expenditure on all educational institutions for a selected number of OECD countries for 1999. As the data shows, while Australian total expenditure (5.8%) was roughly at the OECD average (5.8%), Australia's share of private expenditure (1.4%) was well above the OECD average (0.6%) for all OECD countries.

**Figure 3**  
**% GDP on all educational institutions from private and public sources 1999**



Source: Education at a Glance: OECD Indicators 2002, Table B2.1A, p.170

From the evidence presented above, it is clear that while the level of expenditure on education in Australia has remained relatively stable over the last 25 years, this has been achieved by an increase in private investment to offset declines in the Government's commitment.

### **Recommendation 1**

**The Senate reaffirm the importance of providing adequate and sustainable public funding for universities, and recommend to the Government that research carried out on the public and fiscal rate of return from higher education be used as part of determining the optimal level of investment in the sector.**

### **International Trends in Expenditures on Tertiary Education**

The Government's attempts to reform the Australian Higher Education system are predicated on the need to have one to two internationally competitive and world-class universities. As *Backing Australia's Future* states;

*These changes are driven by a world of higher education in which increasingly the only benchmarks that count are international ones.*<sup>4</sup>

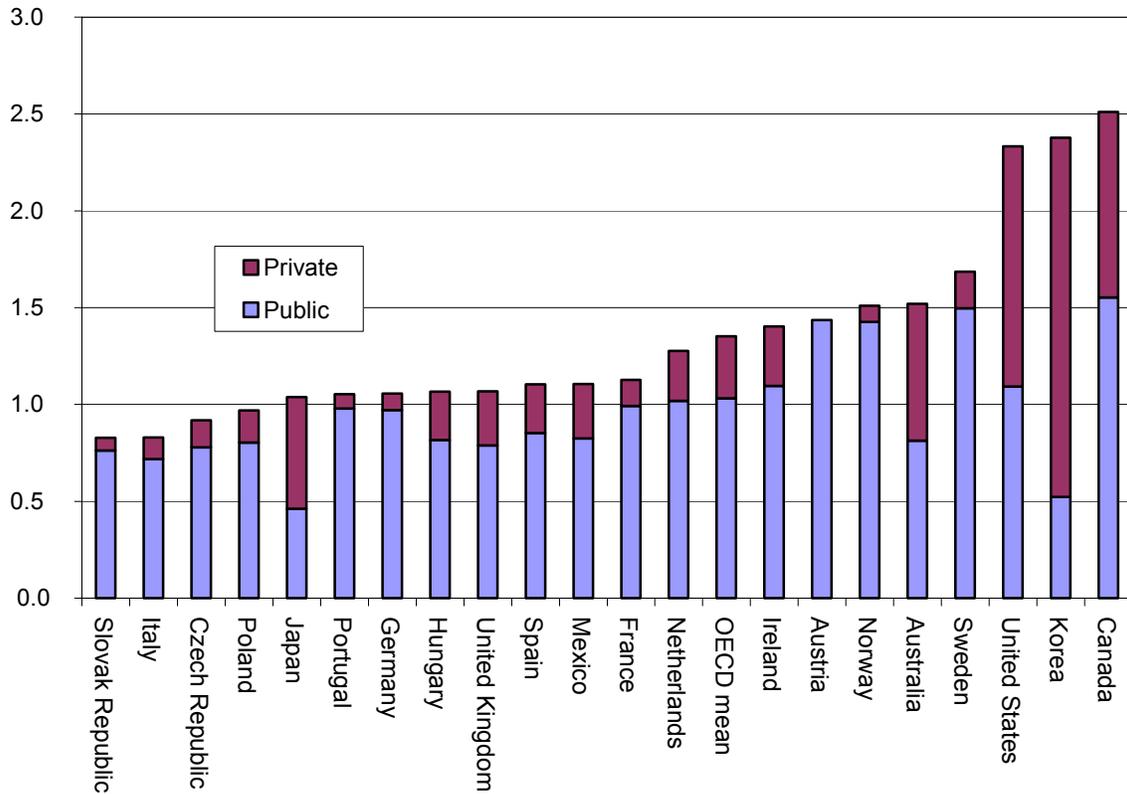
Thus in order to determine appropriate levels of overall investment and the mix between public and private sources, it is worthwhile examining the extent to which both private and public investment in higher education in Australia compares to that of other OECD countries.

Figure 4 demonstrates that Australia spent a total of 1.5% of GDP on tertiary education in 1999, a figure that compares favourably with the OECD average of 1.3% for the same year. However, Australia relies more heavily on private expenditure than the average for all OECD countries.

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<sup>4</sup> *Our Universities: Backing Australia's Future*, p.2

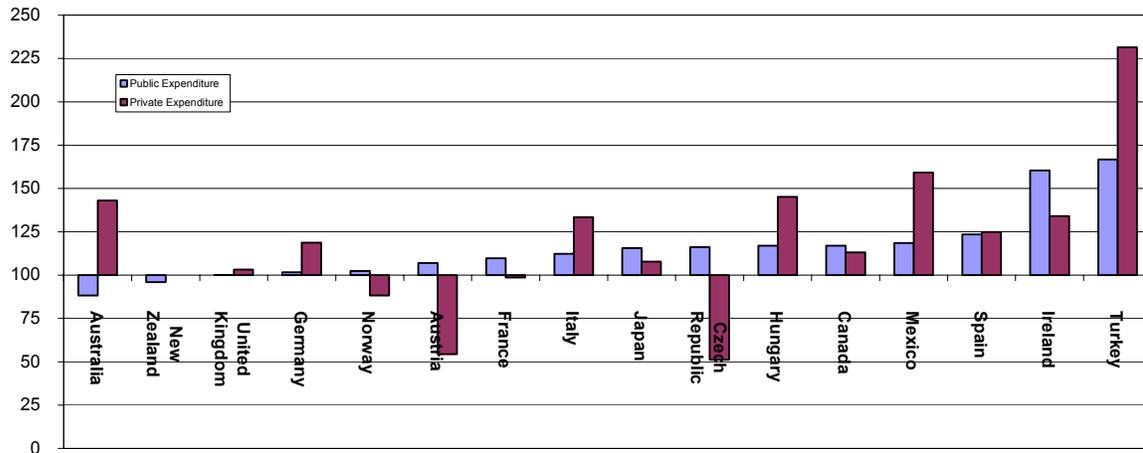
**Figure 4**  
**Private and Public expenditure on Tertiary Education as a % of GDP, 1999**



Source: Education at a Glance: OECD Indicators, Table B2.1b

However Figure 5 demonstrates that when this expenditure is examined over the period between 1995-1999, Australia has actually reduced its public expenditure, making Australia and New Zealand the only OECD countries, for which data is available, to have decreased their public expenditure on tertiary education over this period.

**Figure 5**  
**Index of change in public and private expenditure on tertiary institutions between 1995 and 1999**

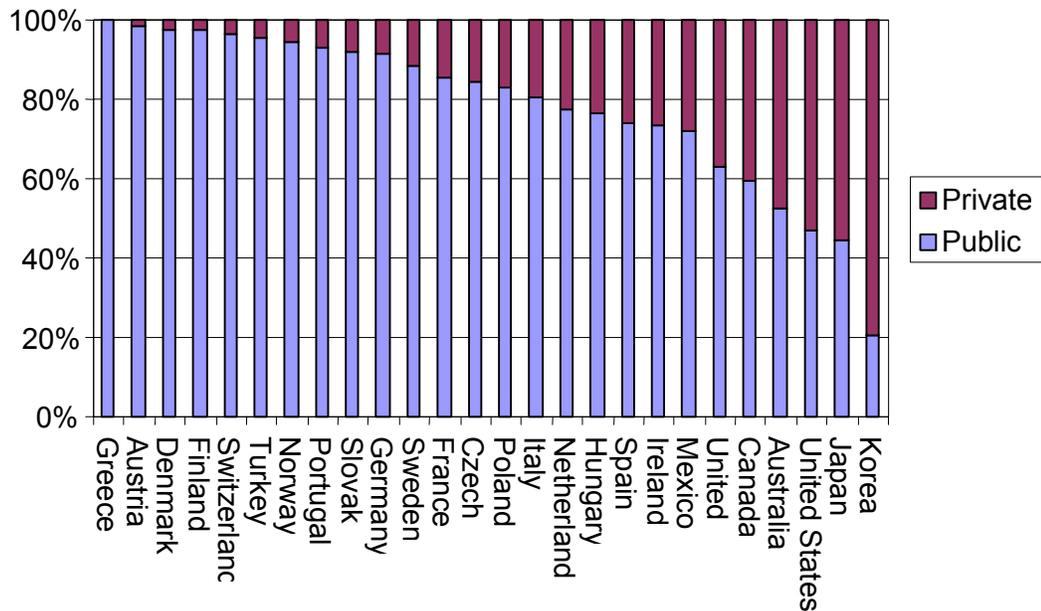


Source: Education at a Glance: OECD Indicators, Table B2.2, p173

Thus while Australia's total expenditure on tertiary education is not disproportionate to other OECD countries in terms of its GDP, this is only being maintained by an increased reliance on private sources. While the broader international trend has been to increase both private and public expenditure on tertiary education, Australia is simply transferring funding from a public to a private responsibility.

As demonstrated in Figure 6, only three other countries have a higher proportion of reliance on private funding than Australia (47.6%), that is Korea (79.3%), Japan (55.5%) and the United States (53.1%).

**Figure 6**  
**Source of Funds for Tertiary Education in the OECD 1999**



Source: Education at a Glance: OECD Indicators 2002, Table B4.2, p.190

This shift in the funding mix away from the public sector to the private sector is reflected in lower public funding per student, with consequent increases in the level and proportion of student contributions. These results are reinforced by recent NTEU research into the contributions to the costs of government-subsidised places at Australian universities under the current government, covering the period 1996 to 2001.<sup>5</sup> This analysis showed that on a per student basis in real (inflation adjusted) terms universities received, on average, \$1,173 less per student in 2001 than they did in 1996. The proportion of course costs borne by students and their families has increased from 19.6% in 1996 to 34.5% in 2001. On average students are liable for \$1,745 more per year in 2001 than they were in 1996. From the Government viewpoint, in 2001 figures, it cost \$2,325 less per subsidised student place than it did in 1996. When multiplied by the number of student places in 2001, this amounts to a real reduction in government expenditure of \$996m when compared to 1996.

### **The Positives in *Backing Australia's Future***

The *Backing Australia's Future* package contains a number of positives for higher education that the NTEU is keen to see the Senate support. It is clear that the package contains new funding for universities, although in the absence of relevant DEST information it is not possible to come up with an exact figure. Our latest estimate is that

<sup>5</sup> NTEU Briefing Paper, *Students Pay More, Universities Get Less*, May 2003

approximately \$1 billion of the package comprises new money – the first significant injection of public funds since 1996.<sup>6</sup>

Other positives in the package include:

- a. The proposal for a loading targeting regional universities and campuses to compensate them for the higher costs of providing education in non-metropolitan areas, although greater clarity is needed about the eligibility criteria.
- b. The proposal to increase the Higher Education Contribution Scheme repayment threshold to \$30,000 in the 2005-6 financial year, although the Union recommends that this be increased in line with graduate level salaries to \$35,000.
- c. The establishment of teacher and nurse education as National Priorities, although more could be done in this area.
- d. The introduction of two partial Commonwealth scholarship programmes.
- e. The establishment of Indigenous Higher Education Advisory Council and a small increase in Indigenous Support Funding.
- f. The proposal to convert some 25,000 marginally funded over enrolments to fully funded places.
- g. The proposal for a Teaching and Learning Fund, pending clarification from the Government on what conditions will apply to the competitive mechanisms.

### **The structural flaws in *Backing Australia's Future***

#### *1. Lack of a long-term sustainable solution to the funding problems of the sector*

While significant, the package's funding represents only a short-term injection of public funds for the sector, with a substantial component of this funding being tied to contentious workplace reform changes. *Backing Australia's Future* assumes that future growth will be largely financed from private sources and, as such, signals a major retreat from the Commonwealth's historic core public funding obligation. Of particular concern are two central issues - the failure to change the current indexation arrangements for university payments and the proposal from the Commonwealth to pass responsibility for fee increases to university managements. This suggests that responsibility for future increases in funding will lie with universities, and be highly reliant on further increases in student fees.

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<sup>6</sup> The NTEU has been unable to categorically assess the exact impact of the new funding system without knowing the data on which DEST has based its analysis. NTEU has requested the information required through the Minister and is currently negotiating with the Department of Education, Science and Training. This information includes the student load in each new CGS band at each institution.

## 2. Increasing the burden on students and their families

Backing Australia's Future contains ambitious proposals for the further deregulation of university fees and charges, with serious consequences for students and their families in terms of access and debt. While the package frames increases in HECS as a choice for university management, the NTEU believes that the failure to change indexation arrangements, the proposal to cap the Commonwealth's contribution per student, and the new discipline based funding model will give universities little alternative but to further increase student fees and charges. Given the difficulties currently facing students from low socio-economic backgrounds, from rural and regional areas and who are Indigenous, these fee increases may well mean falls in their participation in higher education. Costs currently impact on students severely – more than 70% of fulltime students are employed more than two days a week, participation by mature age students (many of whom are seeking retraining or second chance education) have already fallen, partly as a consequence of the introduction of differential HECS, and cuts to student income support for Indigenous students saw a fall in commencements in 2000. There are very real equity issues involved in these outcomes, and the package does little to reduce these impacts.

Australia's higher education system is already the fourth most reliant on private funding in the OECD, mainly in the form of student fees and charges. The NTEU opposes further increases in student contributions believing we are already reached the ceiling on what is sustainable in the long run in terms of student debt and maintaining access. The proposals put forward in *Backing Australia's Future* are all the more serious, given the packages' lack of an effective student income support scheme. The scholarship programs, including both government and institutional scholarships, will have a limited equity impact given that they are treated as income under Centrelink payments. Thus a student, eligible for Youth Allowance or Abstudy, will face reduced income support if they receive scholarship payments.

The NTEU also opposes the introduction of a five-year limit on a publicly subsidised university place. This will negatively impact on higher education access and completion, particularly for groups who take longer to finish their education, such as students from low socio economic backgrounds and rural and Indigenous people. It represents the introduction of mutual obligation to higher education and may engender a culture of blame for those who do not complete their course within the time they are eligible for a Government subsidised place.

## 3. Increased level of Government interference in the system

Despite a great deal of talk by the Commonwealth during the higher education review about the need to ease the burden on universities imposed by government bureaucracy and regulation, *Backing Australia's Future* will actually increase the level of Commonwealth interference in the sector to an unprecedented level, and pass the costs of complying with new policy initiatives from Government to universities.

Institutions will be required to enter into a Funding Agreement with the Commonwealth that will specify the number of places and the discipline mix that the Commonwealth will support in return for funds. In fact, Government will become a "purchaser" of student places, providing only a subsidy per student place "purchased". The level of detailed regulation is unprecedented, and is at odds with the institutional autonomy of universities

and the Minister's stated intention that universities will be "able to pursue their own strategic mission"<sup>7</sup>

There are also further incursions on institutional autonomy, accompanied by increases in compliance costs from the introduction of a new web-based system to track students and their loan obligations to the Commonwealth, the bureaucracy that accompanies the pools of conditional funding attached to the CGS, and proposed legislation to prohibit universal student union membership.

The NTEU is also concerned about the flow on impacts these measures would have on university governance structures and academic freedom. The intrusion into university affairs that accompanies the workplace reform agenda, and particularly the conditions for additional monies under CGS, is totally inappropriate and inconsistent with the rights encoded in the Workplace Relations Act that allow employers and employees to directly determine the nature of industrial relations and employment matters. It is also directly opposite to the general trend within the Asia-Pacific region for the state to cede control of the management of staff matters to the institution.

*4. The package will lead to an increasing stratification in the sector, based on institution's varying ability to compete in a deregulated higher education market*

During the consultations, the Government put the view that the current funding system was a "one size fits all" approach, and did not encourage diversity and specialisation. It is the view of the NTEU that what has driven universities to 'look more like each other' is the increased reliance on the market. Given our vast geography, diversity and specialisation could be achieved through direct government funding. While ever market based activities remain paramount to the external income of universities, institutions will continue to respond to the market in the same way, and not all will benefit from the market. Proposals in *Backing Australia's Future* increase the market mechanisms in higher education, dictating the pattern of specialisation and diversity. However, the market does not include the public benefits that accrue from the teaching, research and community functions of universities. Government must continue to play a paramount role in higher education, directly factoring into funding levels an acknowledgment of these benefits.

There are already considerable differences between the resources available to different universities to undertake their core activities of teaching and research. Student fees and the differential capacity of universities to attract domestic and international fee paying students have essentially driven this stratification. In an environment of greater fee deregulation and price driven market outcomes, this stratification will widen even further, and may lead to a narrowing of the curriculum available at institutions that are not as able to capture the income from increased student fees in both the international and domestic 'markets'. This narrowing will have detrimental effects for staff employed at these institutions, as well as the students they educate.

On the available evidence, it is regional and outer metropolitan institutions that cater to large numbers of students from low socio-economic and other disadvantaged grouping

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<sup>7</sup> Dr Brendan Nelson, Media Release 13.5.03.

will be in relatively weak market positions to charge additional fees and hence, will be disadvantaged by the new system.

While the NTEU welcomes the idea of an additional funding loading for regional campuses as part of the solution to this problem, the model proposed in *Backing Australia's Future* has a number of serious methodological issues. There is also the question of whether the loading available is enough to offset the detrimental impacts of the new funding structure for regional institutions.

##### *5. Failure to deal with the real workplace issues facing university staff*

University staff have played a key role in maintaining the quality of higher education delivered to students, in a difficult financial environment and where the student to staff ratio has risen by 31.3% between 1996 and 2002<sup>8</sup>. Staff have embraced change, whether it be helping institutions capture the benefits of new on-line technologies, maximising the impact of research funding through involvement in Co-operative Research Centres and greater commercialisation of research or teaching offshore. However, this has come at a cost: increasing workloads, greater stress and mounting job insecurity with higher education being one of the most casualised sectors in the economy.

There is little in the Government's reform package that addresses the real workplace pressures impacting on staff, instead the package contains \$404 million of public funding conditional on universities complying with the Government's industrial relations policies, in particular introducing individual contracts, known as Australian Workplace Agreements (AWAs). In addition, approximately \$55 million has been earmarked for a 'Workplace Productivity Programme', which would link individual pay to performance evaluations and encourage individualised employment arrangements.

The Government is also proposing an amendment to the Workplace Relations Act aimed at strengthening the Industrial Relations Commissions' powers to deprive employees in health education and community services of the right to take industrial action in bargaining, if it is having an adverse impact on 'clients'.

These measures are intrusive, inappropriate, and bureaucratically complex and could result in confrontation between staff and management. Just as importantly, they will do nothing to improve the quality of the university education staff are committed to providing.

##### *6. A weak accreditation and quality framework for expanding subsidies to private providers*

As an extension of the Governments' agenda of trying to create a viable private higher education market, *Backing Australia's Future* will increase public subsidies to private higher education providers.

The NTEU has no blanket opposition, as such, to the notion of private higher education providers, as long as we maintain our public universities as the core and dominant providers in higher education. We are concerned with the policy implications of

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<sup>8</sup> Australian Vice Chancellor's Committee, 2003.

increasing public subsidies to private providers in the absence of clear, rigorous and consistent quality control and accreditation structures.

*Backing Australia's Future* contains no such framework and the NTEU would urge the Senate to reject those aspects of the package that relate to private providers until these issues have been examined.

Measures are also needed to protect the quality of public universities from the pressures thrown up by growing numbers of private providers. This is especially important given that the Government proposes to make a specified number of places in national priority and growth areas available to private providers.

### *7. Little Progress on Indigenous Issues*

While the package does recommend some changes in relation to the situation of Indigenous people in higher education, overall Indigenous staff and students will gain little from the reforms. NTEU welcomes the establishment of an Indigenous Higher Education Advisory Council, but the remainder of the initiatives are far too small to make an impact on the significant difficulties faced by universities in ensuring that Indigenous peoples in Australia are able to participate effectively as both students and staff in higher education. There are many statistics that show the gap between Indigenous and non-Indigenous Australia. One of the most interesting is the smallness of that gap when we compare how quickly Indigenous and non-Indigenous graduates are able to obtain employment upon graduation. If we are able to attract, and retain our Indigenous students in higher education, higher education can contribute significantly in maximising opportunities available for Indigenous peoples - a fundamental social justice objective.

## **2. THE EFFECT OF THE GOVERNMENT'S PROPOSED BUDGET CHANGES ON SUSTAINABILITY, QUALITY, EQUITY AND DIVERSITY IN TEACHING AND RESEARCH AT AUSTRALIAN UNIVERSITIES.**

### **2(a) THE IMPACTS OF THE COMMONWEALTH GRANT SCHEME ON INSTITUTIONAL BUDGETS**

#### **Block Funding**

Under current funding arrangements, the Federal Government provides universities with a lump sum (block) base-operating grant to provide government-subsidised student places. At present, a university's operating grant in any one year is calculated using the previous year's operating grant and adjusting that for changes in student load and cost indexation.

From 2005, the Federal Government is proposing to move away from the system of base operating grants to a new funding system called the Commonwealth Grants Scheme (CGS) to fund government-subsidised student places. Under CGS, the Commonwealth will make a contribution to each university at a set amount of funding per student, depending upon the discipline group in which the student is enrolled.

The NTEU's analysis of the impact of the new funding arrangements on individual institutions' finances is examined below.

The analysis presented herein is a direct response to data published by the Commonwealth Department of Education, Science and Training (DEST) in July 2003, which estimated the impact of the new funding arrangements on different universities in 2005.<sup>9</sup>

The NTEU is currently negotiating with DEST to obtain the necessary financial information on which to make a judgment regarding the funding implications of the package. It is clear that the package contains new funding for universities, although in the absence of the DEST information it is not possible to come up with an exact figure.

It is also important to note that our data relates specifically to targeted student loads and excludes the impact of over-enrolled students and the associated marginal funding universities currently receive for these students.

The analysis presented in Appendix 1 uses DEST data as the starting point, but breaks it down further by removing that part of the funding associated with the new programmes that form part of *Backing Australia's Future*. This is because the new programmes are counted and costed separately and the purpose of our analysis is to compare the level of operating income universities would have received in the form of operating grants, with the level of funding they would receive under the CGS. Our purpose is to compare base funding arrangements between current operating grants and the new CGS system.

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<sup>9</sup> It is important to note that DEST analysis uses 2002 student enrolment data and is in current (2003) prices

Appendix 1 presents the relevant data used to calculate our estimates of the impact of the new funding arrangements on individual institutions. The final two columns show the difference between adjusted base operating grants<sup>10</sup> and the value of Commonwealth Contributions. This does not include the 2.5% course contribution loadings, teaching and nursing loadings or regional loadings. This is done to compare the base funding systems using existing data.

There are a number of conclusions that can be drawn from the data presented in Appendix 1.

The analysis derived from Appendix 1 indicates that, at a base level, the majority of universities (17 of 27 included in the Table) are worse off as a result of the new funding arrangements when the new programs that form part of *Backing Australia's Future* are subtracted from the Commonwealth Contributions.

The average loss on a per student basis is estimated to be approximately \$221 per student in 2005. In aggregate, the reduction in total operating income for all institutions included in Appendix 1, sums to about \$68.5m in 2005.

This represents a Commonwealth claw-back of operating income<sup>11</sup> as a result of switching from the block operating grants system of funding to the new CGS.

The extent of savings the Commonwealth will achieve as part of the introduction of the new funding system goes beyond the claw-back in operating income identified above. Some payments, including teaching hospital grants and part of the Workplace Reform Payments, which are funded separately under current arrangements, are to be included in the Commonwealth Contributions under CGS. In other words, the Government is effectively rolling these programs into the CGS payments. Therefore, as these programs no longer need to be funded as separate programmes after 2005, they effectively represent a savings to Commonwealth expenditure. Teaching hospital grants are estimated to be worth \$5.4m in 2005 and the part of the Workplace Reform Payments (WRP)<sup>12</sup> that is being rolled into the Commonwealth Contributions, we estimate to be approximately \$50m in 2005.

In addition we have estimated that the Commonwealth will save approximately \$27m<sup>13</sup> in expenditure by phasing out over enrolled student payments, beginning in 2005.

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<sup>10</sup> Excluding Indigenous Support Funding, but including Teaching Hospital grants and part of Workplace Reform Payments

<sup>11</sup> Our earlier estimates of the claw-back put it at approximately \$477 per student or a total of \$190m in 2005. This estimate however was based on data and information published as part of BAF. Subsequent briefing and information from DEST has revealed that our data included funding for ANU's Institute of Advanced Studies, which is currently funded as part of operating grants but will be negotiated separately under CGS. The data presented in Table 1 does not include payments for ANU's IAS, which we estimate to be in the order of \$120m to \$130m per annum.

<sup>12</sup> WRP payments are estimated to be residual of total WRP in 2003 less payments associated with HECS, RTS and IGS which will be distributed once all universities have meet conditions associated with them.

<sup>13</sup> NTEU, *Our Universities: Backing Australia's Future; NTEU Response and Analysis*, June 2003, p.13.

Therefore we estimate that any additional monies spent as part of BAF in 2005 need to be discounted by:

- A claw-back of operating income of \$68.5m;
- Reduced expenditure of \$27m on over enrolments;
- Savings in expenditure by rolling into Commonwealth Contributions;
  - Teaching Hospital Grants \$5.4m and
  - Workplace Reform Payments \$50m.

This totals approximately \$150m in 2005. Therefore we would conclude that in 2005 the amount of genuine new money in Backing Australia's Future programmes amounts to about \$100m in 2005 and not \$250m as claimed by the government.

While the NTEU recognises that inclusion of the 7.5% and regional loadings would change the situation, the key point is that base funding should not be at all conditional on workplace reform and governance reforms

Given the limitations thrown up by the NTEU's failure to obtain detailed data from DEST, it is not possible to calculate with any degree of accuracy the exact Commonwealth claw back for 2006-2007.

## **Recommendation 2**

**The Senate recommend that new Commonwealth Grants Scheme be opposed in its current configuration because of the inequitable redistribution of Government funding amongst Australia's public universities, particularly those that enrol large numbers of students from low socio-economic and mature-age backgrounds.**

### **Conversion of over-enrolments to fully funded places and the expansion of full fee places**

The new discipline based funding model will impose strict student target loads by discipline cluster for each institution and reduce each institutions' flexibility in responding to changes in student demand. In addition, severe funding penalties will be imposed where institutions fail to meet their target loads.

The Government proposes to create flexibility through relaxing the limits on the number of full-fee domestic undergraduate students allowed to enrol. At present universities are restricted to full-fee enrolments of 25% of their targeted student load, which will be lifted to 50% under *Backing Australia's Future*.

Given the low take up of these places to date, the Government is also introducing a new loans system (FEES – HELP) that will allow students to borrow money from the Government when they enrol as a full-fee paying student. These loans attract a real interest rate (in addition to CPI adjustments) of 3.5%. Based on current estimates of inflation, this means interest rates in excess of 6%, which is similar to home mortgage rates. In addition, *Backing Australia's Future* limits the amount that can be borrowed to \$50 000, yet most full fee places now offered cost more than this.

The NTEU's position in relation to entry requirements is that access to a place at an Australian public university should be based on merit and not a student's ability to pay.

### **Recommendation 3**

**The Senate support the Commonwealth's commitment to fully funding over-enrolled student places.**

### **Recommendation 4**

**That the proposal to double the number of full fee paying places in Australia's public university system and the introduction of the full fee paying loans scheme be opposed on the basis that access to public higher education be based on merit and not ability to pay.**

## **The Impact of Fee Deregulation**

Given that the new funding arrangements have profound impacts on both the level and distribution of Government expenditure on higher education, it is highly likely that to maintain their current level of operating income on a per student basis, universities will be forced to increase student fees above the HECS equivalent rate.

However, there are a number of important factors that will impact on the extent that individual institutions will be able to exploit the deregulation of fees and restrict their ability to raise fees above HECS rates.<sup>14</sup> These factors include:

1. The extent of 'market power' a university has in the higher education market place. For example more established institutions that are better resourced or research-intensive, such as the University of Sydney which has already announced its intention to increase all fees by the maximum 30%, are in a better position to extract a fee premium.
2. The composition of the university's current student population. For example, institutions with a high proportion of students from lower socio-economic backgrounds may find it difficult to increase fees as these students are likely to be far more sensitive to fee increases.

While the Government may see some merit in creating a more 'diverse' higher education sector, the reality is that the proposed new funding system, together with fee deregulation, will drive specialisation beyond the concept of diversity and impact negatively on student access.

Excessive specialisation, driven by the market, may well narrow the courses available to students, especially in regional institutions. This will happen as result of changes to resources available to different universities both through the operation of CGS and fee deregulation and irrespective of the additional funds associated with specific programs in *Backing Australia's Future*.

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<sup>14</sup> These factors and supporting data are discussed in more detail in *Our Universities: Backing Australia's Future NTEU Analysis and Response*, June 2003, pp14-17

## 2 (b) THE FINANCIAL IMPACT ON STUDENTS, INCLUDING MERIT SELECTION, INCOME SUPPORT AND INTERNATIONAL COMPARISONS

### The financial impact of *Backing Australia's Future* on students

Under the new CGS, the Commonwealth will make a set contribution to the cost of educating students in various discipline clusters. In addition to the basic Commonwealth Contributions, each university has the right to charge its own fees. The level of fees that a university is allowed to charge can vary from \$0 to a maximum of 30% above the equivalent HECS charge in any given course. Table 3 shows the estimated HECS charge in 2005 and the maximum fee a university will be allowed to levy on students<sup>15</sup>.

**Table 3**  
**Student Contributions under CGS**

| Discipline Group                                | HECS Charge | Maximum Fee | Estimated Average Cost | Student Contribution |         |
|---|-------------|-------------|------------------------|----------------------|---------|
|   |             |             |                        | HECS                 | Max Fee |
| Law   | \$6,427     | \$8,355     | \$7,936                | 81%                  | 105%    |
| Accounting, Administration, Economics, Commerce | \$5,490     | \$7,137     | \$7,971                | 69%                  | 90%     |
| Humanities                                      | \$3,854     | \$5,010     | \$8,034                | 48%                  | 62%     |
| Mathematics, Statistics                         | \$5,490     | \$7,137     | \$10,427               | 53%                  | 68%     |
| Behavioural Science, Social Studies             | \$3,854     | \$5,010     | \$10,490               | 37%                  | 48%     |
| Computing, Built Environment, Health            | \$5,490     | \$7,137     | \$12,882               | 43%                  | 55%     |
| Foreign Languages, Visual and Performing Arts   | \$3,854     | \$5,010     | \$12,945               | 30%                  | 39%     |
| Engineering, Science, Surveying                 | \$5,490     | \$7,137     | \$17,793               | 31%                  | 40%     |
| Dentistry, Medicine, Veterinary Science         | \$6,427     | \$8,355     | \$21,849               | 29%                  | 38%     |
| Agriculture                                     | \$5,490     | \$7,137     | \$21,884               | 25%                  | 33%     |
| Education *                                     | \$3,854     | \$3,854     | \$11,132               | 35%                  | 35%     |
| Nursing *                                       | \$3,854     | \$3,854     | \$13,587               | 28%                  | 28%     |
| Weighted Average for all students               |             |             |                        | 44%                  | 56%     |

Assuming all universities charge the equivalent of HECS, students' contributions will vary from 81% for a law student to 25% for a student enrolled in agriculture. Even students enrolled in education and nursing, which have been identified as national priority areas and therefore receive additional funding, will still pay 35% and 28% of their course costs respectively.

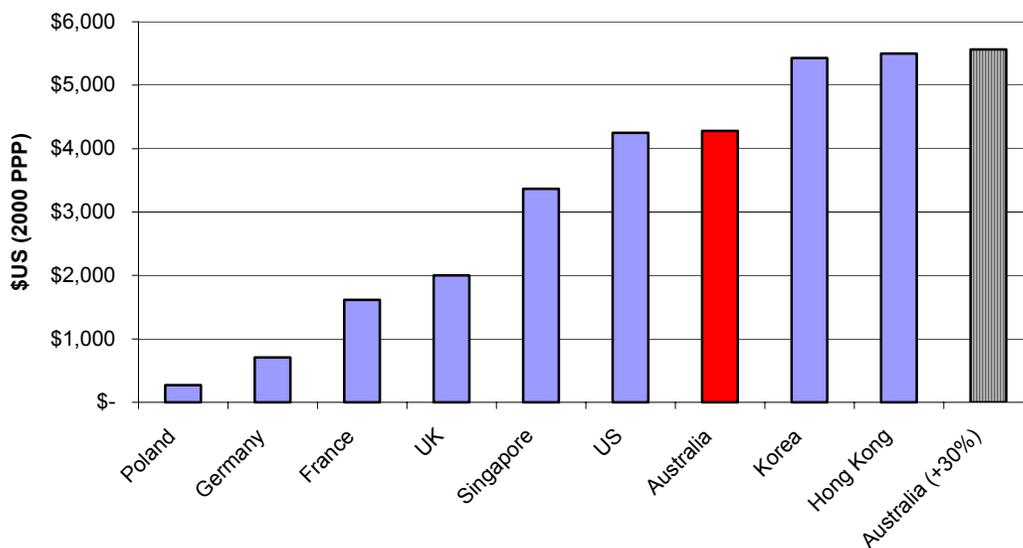
<sup>15</sup> A full explanation of the data and methodology can be found in the NTEU Briefing Paper, *Student Contributions to the Cost of their University Education*, May 2003.

The data also shows that the average student contribution, weighted by student numbers in the different discipline groups for 2002, would be 44%, a 10% increase in students' current contribution rate. Therefore even without any increase in HECS charges, students will be paying a higher share of the cost of their education.

The picture looks even worse if universities elect to charge the maximum allowable fee for each discipline group. With a 30% increase in fees over HECS charges, the average student contribution rises to 57%. Under this scenario a law student would be paying 105% of the course costs for a government-subsidised place, which gives a new interpretation of what a government subsidy means. Business, administration, commerce and economics students would be contributing 90%, Maths and Statistics students 68% and Humanities students 62%.

There has been a consistent increase in student contributions to the cost of their education under the Howard Government. When this Government came to power in 1996, the average student contributed about 20% to the cost of their education and this increased steadily to about 40% as result of the introduction of the new three tier HECS system in 1997. After the introduction of CGS in 2005, the average student's contributions will be somewhere between 44% and 56%, depending on the extent to which universities increase fees above current HECS rates.

**Figure 7**  
**Comparative level of tuition, other fees and other educational expenses in public universities for a medium cost course <sup>16</sup>**



<sup>16</sup> Source: International Comparative Higher Education Finance and Accessibility Project ([www.gese.buffalo.edu/org/IntHigherEdFinance](http://www.gese.buffalo.edu/org/IntHigherEdFinance)). Medium cost course include a HECS Band 2 for Australia – for other definitions refer to the source for the Table

Figure 7 shows a comparison of the cost of the level of fees and other charges, paid by students attending public universities in Australia and for a selected number of other countries. The data show that Australian fees are currently only exceeded by Korea and Hong Kong. If you allow for the potential of a 30% increase in fees as part of CGS, the data shows that Australian students could be paying the equivalent of the highest fees in the world to attend a public university.

Whether Australia wants to be a world leader in this respect is a crucial question for the consideration of the Senate.

Increasing fees and the expansion of full-fee paying student places will result in a greater level of student debt. A briefing paper produced by the Council of Australian Postgraduate Associations (CAPA) in March 2003<sup>17</sup> examines some of the consequences of current student debt, including declining home ownership, fertility rates and increasing emigration rates. Such factors not only influence students' decisions to access higher education in the first place, particularly those from lower socio-economic backgrounds, but also have serious social and economic implication for society at large. CAPA notes:

- Student debt is not just an issue that affects students and their families. As doctors, lawyers, dentists and vets accrue increasing amounts of debt for their degree, compulsory debt repayments will compel them to increase the fees they charge their clients.
- All Australian taxpayers will have to pay the costs associated with an ageing population, as student debt restricts the number of children that families can afford to raise and contributes to more graduates leaving Australia. An ageing population will mean that public spending on health, housing, aged care and superannuation will increase at the same time as the working-age population funding this spending through taxation decreases.<sup>18</sup>

CAPA's findings are based on current levels of student debt and compulsory HECS repayments. The situation is only likely to get worse under the Government's proposal to increase student fees, increases full fee paying places and introduce student loans attracting real interest rates.

For students from lower socio-economic backgrounds in particular, such factors can actually influence their ability to access higher education in the first place. As research by James (2002) cited in the recent National Report into Higher Education in Australia, published by DEST, concludes:

*The perceived cost of higher education appears to major deterrent for students of lower socio-economic backgrounds*<sup>19</sup>

And in relation to participation in full fee paying courses, James' report concludes:

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<sup>17</sup> Pearse, Hilary, *The Social and Economic Impact of Student Debt*, March 2003, <http://www.capa.edu.au/frameset.html?briefing/index.html>

<sup>18</sup> Pearse, Hilary, *The Social and Economic Impact of Student Debt*, March 2003, p.4.

<sup>19</sup> James, Richard, *National Report into Higher Education*, DEST 2003 p.187.

*Not surprisingly, students from the most disadvantaged equity groups have not availed themselves of the opportunity to undertake universities' courses by paying fees to the same extent as students overall<sup>20</sup>.*

The proposed Learning Entitlement, which places a 5 year cap on government subsidised student places, may actually disadvantage certain groups of students. Anecdotal evidence suggests that students from the most disadvantaged backgrounds take longer to complete their degrees due to a range of factors including financial, cultural, family and work commitments. This adds a further disincentive to potential students who may already be concerned about the costs associated with subsidised places. It is unclear whether students learning entitlements will be extended upon request. Failing extensions, such students will probably have no choice other than to pay full fees in order to complete their program.

The Government claims that it is committed to equity, yet the evidence about the impact of the rising costs of education and debt levels raise considerable doubts about whether the package is one based on principles of equity.

One issue that can moderate these effects is the income threshold at which graduates must start to repay their HECS loans. Currently the Government is proposing to increase this to \$30,000. While this will give some respite, particularly to low income earners, it is well below the average graduate starting salary and the NTEU would urge the Senate to increase this to \$35,000.

#### **Recommendation 5**

**That the Senate oppose outright any policies that allow universities to increase fees above current HECS charges on the basis that:**

- **Australian students already pay amongst the highest fees in the world, with student contributions to the cost of their university education having already doubled since 1996;**
- **Higher fees will have a particularly inequitable impact on students from disadvantaged backgrounds.**

#### **Recommendation 6**

**The Commonwealth undertake research into the broader social and economic impacts of increasing levels of student debt.**

#### **Recommendation 7**

**That the Senate recommend to the Government an increase in the HECS repayment threshold to average graduate starting salaries of around \$35,000 per year.**

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<sup>20</sup> *ibid*, p.198.

## **2(c) THE PROVISION OF FULLY FUNDED UNIVERSITY PLACES, INCLUDING PROVISION FOR LABOUR MARKET NEEDS, SKILLS SHORTAGES, AND REGIONAL EQUITY AND THE IMPACT OF THE LEARNING ENTITLEMENT**

### **Labour market needs and skill shortages**

The Federal Government's proposed changes acknowledge the crucial role that higher education needs to play in identifying and addressing labour market shortages. It does this largely through the categorisation of teaching and nursing as National Priority areas, which involves the following policy initiatives:

- Excluding teaching and nursing subjects from future fee rises. Under the new National Priorities band universities will be unable to charge more than the HECS-HELP rate of \$3,854;
- Extra funding of \$81.4m for existing teaching places over three years, beginning in 2005, and directed to covering the costs of teaching practicum;
- Extra funding of \$40.4m for existing nursing places over four years, beginning in 2004, and directed to cover the costs associated with clinical practice;
- An additional 574 nursing places in regional campuses by 2007.

Other measures include lifting the prohibition on postgraduate coursework fees in teaching and nursing courses, replacing the Postgraduate Education Loans Scheme with the FEE-HELP scheme, which attracts a real interest rate of 3.5% on top of CPI, and providing an additional 745 places distributed to private providers and 1,400 new 'population growth' places to be allocated to teaching and nursing, as determined by consultations between the Commonwealth, States and Territories.

The NTEU welcomes these measures as one way of addressing some of the critical labour market shortages in Australia. Particularly welcome is the decision to exempt undergraduate nursing and teaching from fee rises.

However, the NTEU also has a number of concerns:

The allocations of additional student places are inadequate. The package provides for only a small 0.8% increase in Commonwealth subsidised places between 2002 and 2008, including the National Priority areas. There is consequently little prospect of general growth in the overall higher education system providing any additional relief to the current levels of unmet demand and workforce shortage.<sup>21</sup> This means that the number of additional teaching and nursing places will not meet either the unmet student demand at universities or shortages of teachers and nurses in the labour market. The AVCC estimates that unmet demand for nursing for 2003, is 4,861, or 37% of all

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<sup>21</sup> Phillips Curran & KPA Consulting, *Independent Study of the Higher Education Review: Stage 2 Report*, Volume 2, June 2003, p.60.

applicants; the unmet demand in teaching courses is estimated to be 9,610 places, or 41% of all eligible university applicants.<sup>22</sup>

The Government has proposed that more than \$160m be set aside for expenditure in the National Priorities area. However, it is not clear whether this will meet the urgent situation in teacher and nurse education as outlined by the National Review of Nursing Education and work undertaken by the Australian Council of Deans of Education.

The first issue concerns how the practicum payments will be delivered to institutions, and the possibility of the value of those payments decreasing as the number of places expands, as the Phillips Curran study points out:

*The Government has stated that the funding premium is being applied to existing student load, presumably meaning that there will be no increase in the total funding available if new places are allocated by the Commonwealth or designated by institutions. If this is the case, the \$ per EFTSU loading will be less than the amounts indicated above if student numbers rise. The additional funding will reduce one of the former barriers discouraging institutions from offering more teaching and nursing places, but this may diminish over time as the average funding supplementation per place reduces.*<sup>23</sup>

Moreover, it is rural and regional areas that are experiencing the most acute shortages of these professionals, and rural and regional universities that are suffering most in terms of the costs involved in training and finding appropriate placements.

It is still unclear if only teaching and nursing subjects, rather than entire courses, would be exempt from fee rises. This would mean that institutions could be allowed to charge teaching and nursing students the higher rate applicable to other subjects, for example mathematics or chemistry, which might be taken as part of a primary degree.

The lack of policy coherence between establishing teaching and nursing as National Priority areas and the proposal to remove the prohibition on postgraduate fee increases. This may act as a disincentive for nurses to undertake the basic specialist training at postgraduate level that is increasingly required by the industry. It may also lead to falls in demand for teaching and nursing places. These outcomes would be directly against clear community demand for increasing numbers of nurses and teachers to be available.

The report of the 2002 Senate Review into the nursing profession noted that there has been a decrease in HECS-liable places in postgraduate courses at universities in recent years and the virtual elimination of employer-funded places.<sup>24</sup> It remains unclear whether the Government will still provide subsidised places to teaching and nursing postgraduate coursework. Moreover, students who elect to borrow money to finance their teaching and nursing coursework degrees will have to do so through a FEE-HELP scheme, which attracts a real interest rate of 3.5% on top of the CPI adjustment. Students who elect to do so and have a HECS-HELP loan will have to repay this loan before they start

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<sup>22</sup> AVCC Survey of Applicants for Undergraduate Higher Education Courses, 2002 and 2003.

<sup>23</sup> Phillips Curran & KPA Consulting, *Independent Study of the Higher Education Review: Stage 2 Report, Volume 2*, June 2003, p.61.

<sup>24</sup> Senate Community Affairs References Committee, *The Patient Profession: Time for Action*, 2002, p.93.

repaying the FEE-HELP loan. The implications of rising student debt could thus make postgraduate courses less attractive to prospective students and further impact on the skill shortage in these areas.

### **Recommendation 8**

**That the Senate amend the National Priority setting strategy so that it:**

- **Addresses more adequately the issue of unmet demand in nursing and teaching courses by increasing the number of government subsidised university places above that committed to in *Backing Australia's Future*;**
- **Addresses the high cost of teaching practicum and nursing clinical practice by providing greater funding in addition to the Commonwealth's current contribution to the overall cost of such courses;**
- **Addresses the problem that industry standards, including accreditation and registration, for nursing and teaching require a postgraduate component. On this basis the Commonwealth should maintain the prohibition on fees for nursing and teaching postgraduate courses;**
- **Develops a mechanism for periodically reviewing the effect of setting National Priorities on workforce needs.**

### **Regional equity**

There are two elements of *Backing Australia's Future* that engage specifically with regional equity and diversity:

- An additional loading for students who are enrolled at regional campuses, which varies from 2.5% to 30%; and
- Equity scholarships aimed specifically at students from rural and isolated backgrounds.

*Backing Australia's Future* commits a total of \$122.6m over four years for regional loadings, in recognition of the higher costs associated with educating students in regional Australia. They represent a percentage loading, in addition to the basic Commonwealth Contribution. To be eligible, a regional campus must be located in an area with a population base of less than 250,000 people.

The value of the loading depends on the location and size of the campus as well as its distance from a capital city. Table 4 shows the relevant loadings against the criteria.

**Table 4**  
**Regional Loading Bands**

| Band   | Loading Criteria   | Loading % |
|--|--|-----------|
| 1. Northern Territory                        | Located in NT  | 30%       |
| 2. Distant and Small                         | Located greater than 300kms from capital city and enrolments of less than 10,000 EFTSU                                       | 7.5%      |
| 3. Proximate and Small/<br>Distant and Large | Either:<br>Less than 300kms for capital city and less than 10,00 EFTSU; OR<br>More than 300kms and greater than 10,000 EFTSU | 5.0%      |
| 4. Proximate and Large                       | Less than 300kms and greater than 10,000 EFTSU   | 2.5%      |

After the release of *Backing Australia's Future*, the regional loadings policy attracted considerable debate in some institutions, both in terms of the loading and eligibility, particularly from those institutions who identified as regional universities but were not eligible for the new loading - University of Western Sydney, Newcastle University and Wollongong University. While it is understood that these matters remain under discussion between the institutions and the Minister, the Government seems reluctant to revisit the criteria for the loading.

Several other issues arise in relation to the definition of regional areas and distribution of money associated with the regional loadings.

The total level of expenditure for regional loadings in *Backing Australia's Future* is capped at \$122.6m over four years beginning in 2004. Depending on the number of students who qualify from a particular campus and the number of applicant campuses, the loading per campus will probably vary to fit the total payments within the cap. It is our understanding that negotiations are already underway between DEST and individual universities to clarify whether particular groups of students (those externally enrolled, for example) qualify for the loadings. The formula used to distribute the funds is problematic because the loading criteria and values represent an arbitrary mechanism for distribution rather than a reflection of the higher costs regional universities carry in delivering education.

A clear implication of the new CGS system for regional institutions may be to limit the number of courses they offer, resulting in less choice for students. The final result could be a further stratification between universities well positioned to offer courses in most disciplines, and those that will be forced to specialise in particular areas, affecting the quality and breadth of courses on offer.

Evidence shows that regional universities educate disproportionately high numbers of students from low socio-economic and regional/rural backgrounds.<sup>25</sup> Students from these backgrounds are known to be more sensitive to the cost of attending university and more likely to be deterred from participating in higher education by the escalating

<sup>25</sup> NTEU Briefing Paper, *Australia's Regional Universities at the Crossroads*, 2003, p.14

amount of prospective student debt.<sup>26</sup> Any initiatives that restrict choice and force students from regional/rural backgrounds to travel in order to attend a higher education institution will lead to an increase in education-related costs and may provide a sufficient disincentive for students not to participate in higher education.

Regional universities are likely to be in a relatively weak 'market' position in terms of charging their students higher fees as they may find it difficult to attract a sufficient and sustainable number of students. Those regional universities that do decide against increasing student fees based on social, political or economic reasons, are likely to find it much more difficult to maintain a sustainable financial position relative to capital-city based institutions.<sup>27</sup>

One solution to these problems is to adjust the Regional Loading so that no cap is placed on the level of expenditure and the actual loading is determined on the specific cost of educating students at particular campuses. Another is to examine the feasibility of excluding students from rural and isolated areas from the proposed fee increases, similar to that proposed for nurse and teacher education under the National Priority Program.

### **Recommendation 9**

**The Senate recommend that the Regional Loading be adjusted so that:**

- **No cap be placed on the level of expenditure on Regional Loadings;**
- **The actual loading be determined on the basis of the actual cost of educating students at particular campuses.**

**In addition, that the Commonwealth exclude students from rural and regional areas from proposed fee increases in the same way as nurse and teacher education students have been excluded under the National Priority areas.**

### **The provision of equity-based scholarships**

*Backing Australia's Future* contains a number of equity-based scholarship schemes designed to reduce the impact of higher fees and rising costs of study, to be allocated within a four-year period, beginning in 2004 to 2007. These are available to Indigenous students and those students from low socio-economic backgrounds or who live in rural and regional areas.

It is still unclear precisely how the scholarship applications will be assessed and what proportion of the scholarships would be allocated to the respective equity groups. In the absence of further information, there are three concerns associated with the scholarship scheme.

The funding allocated to them means they will provide only minor relief. They are, at best, partial scholarships that are unlikely to compensate for the higher expenses students from low socio-economic, rural/regional and Indigenous backgrounds will face while studying, particularly given the low levels of existing student income support

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<sup>26</sup> Pearse, Hilary, *The Social and Economic Impact of Student Debt*, Research Paper, 2003, p.21.

<sup>27</sup> NTEU Briefing Paper, *How Diverse and Specialised do Australian Universities Need to Be?*, 2003, p.3.

schemes. Combined with sharp increases in student fees and education-related costs, this is likely to see increased competition for the scholarships and could mean the scholarships may not be a sufficient incentive, even to those eligible to receive it, to attend university. This would be especially true for students having to consider studying away from home.

The real value of the scholarships will diminish as they are considered income under Youth Allowance, thus reducing the allowance paid. This last factor may represent an additional financial disincentive for targeted students in their decision-making around whether to participate in higher education.

While the Learning Entitlements are for five years, scholarships are funded for a maximum of four years. This may result in some students confronting the double impost of losing their scholarship after four years and then having to switch to full fees if they have consumed their Learning Entitlement.<sup>28</sup>

It is vital that students from regional/rural areas are provided with sufficient financial relief in meeting education-related expenses to place them on an equitable footing with their capital-city based counterparts. While it is a start, the scholarship program proposed in *Backing Australia's Future* needs to be offered at a higher level and not treated as income under Youth Allowance and relevant Centrelink programs.

#### **Recommendation 10**

**The Senate recommends that the Government explore the feasibility of extending National Priority status to students from low socio economic and Indigenous backgrounds.**

### **The Impact of the Learning Entitlement and student tracking scheme**

The NTEU views with great concern proposals to introduce a Learning Entitlement limiting all Australian and New Zealand citizens and holders of Australian permanent visas, five-years equivalent full time study in Commonwealth-supported student places, as well as the introduction of a computerised system to monitor students' progress through higher education.

It is unclear whether the 'Entitlement' can be extended and under what circumstances. However, it is likely to have serious implications on access and completion, for a number of groups.

Although DEST does not compile figures on how long it takes people from different backgrounds to complete their course, anecdotal evidence suggests students from low socio-economic and rural backgrounds and Indigenous people take longer to complete their courses. Often these people do not come to university with the necessary cultural capital that allows them to acclimatise to the demands of higher education. Indigenous people, students from low socio economic backgrounds, mature age students and women can also take longer because they are forced to take breaks in study to meet

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<sup>28</sup> Phillips Curran & KPA Consulting, *Independent Study of the Higher Education Review: Stage 2 Report, Volume 2*, 2003, p.79.

family or community obligations or because they have to work longer hours in order to support themselves.

Taken together with the relaxation of the number of full-fee places, a Learning Entitlement will mean that if a student's entitlement expires their only options seem to be to drop out or to enrol as a full-fee paying student. This latter option has significant debt implications, which could further increase the probability of these groups being forced to drop out of courses. For students who have a partially completed or completed course and wish to re-enter higher education, the Government's proposal means these people will have spent either some or all of their entitlement. The fact that course completion is lower for disadvantaged groups means they are more likely to significantly erode their Learning Entitlement and build up debts without receiving the potential benefits of a graduate-level income.

It will also discourage postgraduate study, an area that is critical for the knowledge economy. It represents the introduction of mutual obligation to higher education and may engender a culture of blame for those who do not complete their higher education within the time when they are eligible for a Government subsidised place. This is the wrong message to be sending at a time when the economy and society need increased higher education participation.

The new student tracking system requires each student to be tracked throughout their student life from the point at which they first commence higher education, regardless of changes in courses or institutions. For this purpose, the Commonwealth will provide students with an additional student number that will stay with the student throughout their academic life "allowing eligibility to Commonwealth support to be facilitated and monitored."<sup>29</sup> The compliance costs for the implementation of this will be significant and will be borne by institutions.

While students will not be able to use their five-year learning entitlements with private higher education providers, this issue will need to be carefully monitored. The introduction of a Learning Entitlement in conjunction with the increase in Government subsidised loan places to private higher education institutions, represents a definite step towards a voucher model for higher education.

### **Recommendation 11**

**That the Senate oppose the proposal to establish a Learning Entitlement on the grounds that such a move will:**

- **Be detrimental to life-long learning;**
- **Have negative implications for higher education access and completion, particularly for disadvantaged groups;**
- **Be a barrier to mature age students;**
- **Subject universities to unreasonable compliance costs.**

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<sup>29</sup> *Our Universities: Backing Australia's Future*, p.40

### 3. THE IMPLICATIONS OF SUCH PROPOSALS ON THE SUSTAINABILITY OF RESEARCH AND RESEARCH TRAINING IN PUBLIC RESEARCH AGENCIES

In examining the impacts of the Government's proposals on the quality, equity, diversity and long-term sustainability of Australian research, this submission will focus on the processes for conducting reviews of research announced in the package, and the implications for the critical relationship between teaching and research in higher education. These matters arise as an implicit result of separating teaching from research 'reforms' in *Backing Australia's Future*. Concerns relating to research will also be addressed in the NTEU's submissions to the specific research reviews currently taking place.

It is as yet unclear how each review is informing the development of a "whole-of-government" approach to research policy and funding specifically, and higher education policy and funding generally. Given the directions set out in the Government's own framework for consultation in the course of Higher Education at the Crossroads review,<sup>30</sup> as well as a large number of submissions which commented on research policy and funding, it is confounding that the Commonwealth has missed the opportunity to review research policy and funding in an integrated and holistic manner, along with teaching and learning reforms proposed in *Backing Australia's Future*. Instead the Government has chosen to 'evaluate' research schemes and set National Research Priorities outside of the framework of broader higher education policy changes.

More substantially, the Commonwealth's decision to conduct major reviews of research at the time its proposed higher education changes are debated both in the Parliament and broader community, demonstrates the Government's lack of understanding of role and place for research in a higher education system. The Australian Vice-Chancellor's Committee's (AVCC) response to *Backing Australia's Future* also recognises this as an anomaly, highlighting the sector-wide anticipation of a major policy statement on research funding and policy in the 2004 Budget. It recommends that the Government's next proposed package of investment in research and development focus on two key issues:

1. The importance of adequate funding for basic research to 'ensure that universities have research funds to support innovative developments in areas that have not been identified by external agencies as being of importance, thus protecting Australia's future.
2. The importance of maintaining the teaching/research nexus at Australian universities through ensuring that courses remain grounded in ongoing research and scholarship and that as new courses are developed, there is a viable level of research associated with the field that allows it to develop effectively into the future.<sup>31</sup>

The Group of 8 (Go8) submission to this Inquiry reinforces the AVCC's point:

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<sup>30</sup> See in particular Hon Dr Brendan Nelson, *Higher Education at the Crossroads: An Overview Paper*, DEST, 2002, pp.17-41.

<sup>31</sup> AVCC, *Foundations for the Future of Australia's Universities – An AVCC Blueprint*, 2003, p.27.

*The Go8 believes that the health of teaching and learning in Australia's universities cannot be adequately addressed in isolation from their research capabilities. In this respect it was disappointing that research was not addressed within the reform packages of either the Government or Opposition. Reform of, and support for, university research in Australia must now be a priority issue for the 2004 budget and it is noted that a number of Government reviews are underway and the ALP policy is soon to be released.*<sup>32</sup>

The AVCC and Go8 responses to the outcomes of the higher education review make a number of critical points on funding and research strategy in the higher education sector.

Government attempts to view teaching and research as separate, quite misunderstands the importance and complexity of the relationship between teaching and research. Professor of Economics at the ANU, and an ARC Research Fellow, John Quiggin, noted in his submission to the 2001 Senate Inquiry that:

*the links between pure research, applied research, and teaching are complex and resist the application of simple accounting techniques. A commitment to knowledge is at the core of the values of the university.*<sup>33</sup>

In other words, it is not that teaching skills of academics should not be properly instilled, through some of the measures announced in the *Backing Australia's Future* package for example, or that professional development for academic staff should not receive specific and adequate attention. The point is rather, that teaching cannot be seen as an activity distinctly isolated from the activity of conducting research.

Indeed both teaching and research are inextricably interlinked to give meaning to the definition of a university, as prescribed by the National Protocols for Higher Education Approval Processes, agreed to by the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) in 2000. Specifically, Protocol 1 outlining the Criteria and Processes for Recognition of Universities requests that an Australian university will demonstrate "a culture of sustained scholarship extending from that which informs inquiry and basic teaching and learning, to the creation of new knowledge through research, and original creative endeavour". It is for this reason, for example, that the Federal Government has recently rejected the application by the Australian Maritime College for university status, commenting on its lack of appropriate research depth and breadth.<sup>34</sup>

Beside the important accreditation requirements for individual staff and universities, research is also an intrinsic part of their professional and intellectual endeavours and identities.

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<sup>32</sup> Group of 8 Submission to the Senate Employment, Workplace Relations and Education References Committee, *Inquiry into Higher Education Funding and Regulatory Legislation*, August 2003, p.2.

<sup>33</sup> Submission 49, Submissions to Senate Employment, Workplace Relations, Small Business and Education References Committee Inquiry, volume 3, p.24.

<sup>34</sup> Anderson, Alison, 'Maritime College's Status Bid Rejected', *Launceston Examiner*, 19 July 2003.

For academic staff in particular, a research profile is an essential requirement in applying for positions and promotions. In the process of conducting research, valuable links are forged with the broader community, industry and business, all of who have particular interests in the nation's research capacity.

Universities perform the vast majority of Australian research, including 84% of all basic research carried out nationwide. Basic or fundamental research forms an essential foundation for further developments in applied research and innovation, much of which is carried out in research agencies. The Government must be the primary funding agency of all such research, because of its critical role in building a research and innovation culture as part of the broader education system. Australia also lacks the substantive industry basis seen in many of its competitors such as Europe and North America. This means that a government's intervention in research funding and policy-setting carries important and long-term implications for the equity, diversity, quality and sustainability of research carried out in universities and public research agencies.

This introduces a second critical point. On the one hand, recent trends in research funding, while aiming to allocate much of it on either a competitive or performance basis, indicate that the Commonwealth is willing to broaden the number of eligible applicants for research funding. This means making public funding available to private research agencies. The Minister recently announced a new ARC Research Networks program, opening up the ARC seed funding to institutions other than universities, including museums, other research funding agencies such as the Rural Research and Development Corporations, professional associations, private organisations and agencies such as Commonwealth Scientific and Industrial Research Organisation and Defence Science and Technology Organisation.<sup>35</sup>

On the other hand, while the Government has increased the funds available for research through *Backing Australia's Ability*, it has clearly forged a more intrusive path in determining institutional research profiles. This has happened despite the general rhetoric supportive of institutional autonomy in setting educational profiles.

The Commonwealth requires universities to demonstrate public accountability for funds spent on research and research education through the annual submission of Research and Research Training Management Plans. In 2001, the Education Minister announced, with little discussion within the sector, that 33% of the ARC funding for the 2003 funding round – or 92% of the additional funding available to the ARC for 2003 under *Backing Australia's Future* – would go to only four areas: nano- and bio-materials, genome/phenome research, complex/intelligent systems, and photon science and technology.

Finally, the Minister recently introduced the Higher Education Legislation Amendment Bill 2003 that seeks to amend the Australian Research Council Act 2001 to widen ministerial discretionary powers over the distribution of funds available through ARC

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<sup>35</sup> Hon Dr Brendan Nelson, '\$2.5 Million Seed Funding to Grow ARC Research Networks', *Media Release*, 1 August 2003.

grants.<sup>36</sup> It is feared that this will “allow the Minister greater autonomy in directing ARC on the funding split between basic and applied research.”<sup>37</sup>

The Government’s intervention is welcome in setting a broad research strategy for the nation, and in encouraging productive specialisation in research that makes universities and public research agencies responsive to community needs. It is also necessary for universities to be publicly accountable for funds they receive through the Commonwealth.

However, the Commonwealth has an obligation to be inclusive, equitable and produce a result that recognises a diversity of research profiles. The development of the National Research Priorities initially excluded the Humanities and Social Sciences perspectives, thus exemplifying the problems inherent in the lack of a coherent approach to the setting of research policy and determining adequate funding. This is despite the Commonwealth’s stated attempt to take the “whole-of-government” approach to Priorities-setting exercise.

University block funding and industry support programs are so far excluded from the obligation to tailor their research missions in accordance with the Priorities, presumably in anticipation of the outcomes of Knowledge and Innovation evaluations. The institutional implementation plans were to have been submitted to the Minister for Science by the end of May 2003, and their publication is expected in the second half of this year. Following the consultations with the Australian research community earlier in 2003, there has been very little information publicly available on either the DEST website or supplied to individual stakeholders regarding the outcomes of grafting of the Humanities and Social Science perspectives on the existing Priorities, which focus predominantly on Science, Engineering and Technology.

Furthermore, the Commonwealth announced an affiliation between the Australian Institute of Marine Science (AIMS), one of the public agencies included in the scope of the Research Collaboration Review, and James Cook University (JCU), and the creation of a new institute. This announcement pre-empts, to some extent, the recommendations forthcoming from the Research Collaboration Review.

The Research Collaboration Review is considered by the AVCC as ‘an important element of ensuring an effective research effort’.<sup>38</sup> International research shows that success in collaboration is highly dependent on the success of horizontal integration between researchers and a broader community of interests in the research endeavour across the disciplinary spectrum:

*The importance of disinterested and fundamental/original research remains paramount, but the possibilities for developing balanced portfolios of pure and applied research,*

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<sup>36</sup> Higher Education Legislation Amendment Bill 2003, Schedule 2, amendment 15, amending clause 50(1) of the *Australian Research Council Act 2001*.

<sup>37</sup> For example, Senator Natasha Stott-Despoja, *Senate Hansard*, Wednesday 20 August 2003, p.13690.

<sup>38</sup> AVCC, *Excellence and Equity: Foundations for the Future of Australia’s Universities*, June 2003, p.27.

*much of it collaboratively organised and conducted in conjunction with the user communities should not be underestimated.*<sup>39</sup>

The balance between funding for fundamental and strategic basic research, on the one hand, and other types of research (applied research and experimental development) on the other, has in recent years shifted to disadvantage the former, as shown by the table below.

**Table 5**  
**Higher education research expenditure by type of research activity**

| <i>Type of research activity</i> | 1996     | 1998     | 2000     |
|----------------------------------|----------|----------|----------|
| Basic research                   | 37%      | 34%      | 31%      |
| Strategic basic research         | 25%      | 25%      | 24%      |
| Applied research                 | 32%      | 35%      | 38%      |
| Experimental development         | 6%       | 6%       | 8%       |
| <i>Total</i>                     | \$2,308m | \$2,600m | \$2,775m |

(Source: Australian Bureau of Statistics (ABS), Research and Experimental Development – Australia, Cat no. 8111.0)

And yet, basic research is essential to innovation, as discussed by Sir John Maddox, Editor Emeritus of scholastic magazine Nature:

*In summary, even though basic research cannot always be shown to generate wealth in the old-fashioned, classical way, basic research is indispensable to the training of people, for our self-respect and place in the modern world, and as a means of giving the scientific enterprise the coherence it needs.*<sup>40</sup>

This is confirmed in a survey of international trends in research policy and funding which demonstrated a global 'growing appreciation of the synergistic relationship between basic and applied research.'<sup>41</sup>

With respect to research funding across the board, Australia's standing in research and experimental development relative to other OECD nations has slipped noticeably, from fourth in 1998 to sixth place in 2000.<sup>42</sup> Correspondingly, our Higher Education Research and Development (HERD) spending as a percentage of the Gross Domestic Product (GDP) fell from 0.43% in 1998 to 0.41% in 2000:

<sup>39</sup> Higher Education Funding Council for England (HEFCE), Fundamental Review of Research Policy and Funding, *Collaborative Approaches to Research*, April 2000, p.84.

<sup>40</sup> Sir John Maddox & David Swinbanks, 'Why Basic Research Matters', in P. Shearmur, B. Osmond & P. Pockley (eds), *Nurturing Creativity in Research*, Research School of Biological Sciences, ANU, 1997, p.24.

<sup>41</sup> Jane Millar & Jacqueline Senker, *International Approaches to Research Policy and Funding: University Research Policy in Different National Contexts*, HEFCE, 2000, p.ii.

<sup>42</sup> Australian Bureau of Statistics (ABS), *Research and Experimental Development – Higher Education Organisations, Australia*, Cat no. 8111.0.

**Figure 8**  
**Australian HERD spending as a percentage of GDP**



(Source ABS, Research and Experimental Development - Australia, p.3)

More starkly, however, Australia's Gross Expenditure on Research and Development (GERD) to GDP ratio of 1.53% is well below the OECD mean of 2.1%.<sup>43</sup> The ABS concludes that 'Australia's ranking reflects the low R&D expenditure to GDP ratio of the business sector'.<sup>44</sup>

Finding a balance between funding for basic and applied research is as critical as finding a proper balance between industry/business and public funding for research in universities and public research agencies generally. Although there has been a moderate improvement in industry/business investment in R&D recently, there is still some way to go to reach the levels of spending only a decade ago. Business Expenditure on Research and Development (BERD) in 2001-2002 stands at 0.78% of the GDP, well below the 1995-1996 high of 0.87%.<sup>45</sup>

A recent report discusses these trends in research policy and funding, concluding that;

*Australia is not investing adequately in its university talent, is falling behind in the race to be innovative, and is failing to use local research and development effectively'. The fall in investment is 'in contrast to most developed economies' and has led to a 'stagnation that has resulted in Australia slipping to the lower level of "second-tier innovators", behind countries such as the United States, Japan, Finland and Britain'....Recent political debate has tended to focus on student numbers, universities' property portfolios, their corporate governance, inter-university politics, and equity of access to student places; everything except what matters most economically: the level of investment in Australia's knowledge elite ...*<sup>46</sup>

The nurture of the 'knowledge elite' that Australia needs cannot be achieved without a sustained and increased investment in the higher education research and public research agencies. The quality of students who commence courses carries over to the

<sup>43</sup> ABS, *Research and Experimental Development – All Sector Summary*, Cat no. 8112.0.

<sup>44</sup> *Ibid.*

<sup>45</sup> ABS, *Research and Experimental Development – Business, Australia, 2001-2002*, Cat no. 8104.0.

<sup>46</sup> James, David, 'Minds Need Money Too', *Business Review Weekly*, 14 August 2003.

postgraduate level and further, into the more senior academic ranks. The composition of student population has important flow-on effects, in other words, for the Australian academic labour market and the well being of Australian public universities. This provides another rationale for adoption of a holistic approach to higher education policy and illustrates the strong interconnection between teaching, learning, research and scholarship in higher education.

#### **Recommendation 12**

**That the Commonwealth be guided by the following principles in developing further research policy in developing a national research strategy:**

- **A commitment to adequate Commonwealth funding of basic research in Australian universities through increasing funds available for fundamental research in the second Innovation package;**
- **The importance of university teaching being linked with and informed by research and maintains academic appointment structures that encompasses both activities;**
- **An increase in research infrastructure funding commensurate to the increases in costs of equipment and conduct of research;**
- **Provision of incentives for industry investment in research by increasing the across-the-board R&D tax concession to 150%, and maintaining the 'premium' tax concession of 175% for business that invest heavily in R&D;**
- **Sufficiently funding ARC grants to incorporate the full funding of salary component for Chief Investigators and other research staff;**
- **Developing a national protocol guiding research commercialisation that recognizes economic and moral rights of researchers.**

#### **4. THE EFFECT OF THIS PACKAGE ON THE RELATIONSHIP BETWEEN THE COMMONWEALTH, THE STATES AND UNIVERSITIES, INCLUDING ISSUES OF INSTITUTIONAL AUTONOMY, GOVERNANCE, ACADEMIC FREEDOM AND INDUSTRIAL RELATIONS**

In terms of relations between the Commonwealth, States and universities, this section will examine the implications for accreditation and quality regimes arising out of the proposals in *Backing Australia's Future* to extend further public subsidies to private higher education providers. It will also examine the impacts of increased Government interference in higher education for governance, academic freedom and industrial relations.

##### **4 (a) ACCREDITATION AND QUALITY ISSUES ARISING FROM AN EXPANDED MARKET FOR PRIVATE PROVIDERS**

*Backing Australia's Future* sets the scene for a further extension of public subsidies to private higher education providers. Under the package, up to 1,400 Commonwealth subsidised places have been set aside for private higher education institutions, most are likely to be allocated to the National Priority areas of nursing and teaching. More significantly, the proposed FEE-HELP program will become accessible to private providers that meet certain criteria.

These proposals are a continuation of the Government's agenda of seeking to create a viable private higher education market by making private providers more competitive against their public sector counterparts over the long term.

The NTEU has no blanket opposition as such to the notion of private higher education providers and covers employees in a number of such institutions. However, we are concerned with the policy implications of increasing public subsidies to private providers in the absence of clear, rigorous and consistent quality control and accreditation structures.

Responsibility for accreditation and quality assurance systems for public universities and private higher education institutions that offer university level qualifications is shared jointly between the Commonwealth, States and Territories. The establishment of any new higher education institution, whether public or private, begins with the accreditation regime within the relevant State or Territory, and, once approved, courses are then listed in the Australian Qualifications Framework. A new university is given formal approval through an Act of a State or Territory parliament. This sets out the purposes of the institution, its governance arrangements, and accountability and reporting mechanisms to the State or Territory Government.

In Australia, all public and private universities have been established through this parliamentary process. The detail contained in the Acts varies between States and Territories, as do the formal requirements for non-university providers of higher education.

The growing economic importance of higher education, the entry into the Australian market of global providers and the increasing use of online technology significantly changed the environment for accreditation and led MCEETYA to encourage States and Territories to move to common national protocols for accreditation.

This process had two outcomes. Firstly, the Commonwealth, States and Territories signed onto the National Protocols for Higher Education Approval Processes, a set of minimum standards for the approval of new entrants into the higher education market, and committed to review their regulatory regimes, both governing and administrative processes, to incorporate the National Protocols by June 30 2001. This has taken place in NSW, Victoria and South Australia and is underway in most other States and Territories.

Secondly, in 1999 the Commonwealth, States and Territories established the Australian University Quality Agency (AUQA) as a mechanism for examining quality assurance arrangements within universities and State and Territory higher education accreditation bodies. The AUQA does this by auditing these institutions against their own stated objectives and outcomes as well as the criteria set out in the National Protocols.

Details regarding to the process for selecting which private providers will deliver the additional National Priority places and gain access to FEE-HELP is unclear. To qualify for access to Commonwealth subsidised National Priority places or FEE-HELP, a private provider must be listed as a higher education institution on the Australian Qualifications Framework Register and be subject to audit by the AUQA. The AUQA has already been approached about the possibility of auditing private providers on a full cost-recovery basis. The private provider in question must also meet additional, but as yet unspecified, quality assurance and reporting requirements.

Many of the NTEU's concerns were previously set out in our submissions to the Senate Employment, Workplace Relations and Education Legislation Committee Inquiry into the Higher Education Funding Amendment Bill 2002,<sup>47</sup> which sought to grant access to Postgraduate Education Loans Scheme (PELS) to four private institutions: Bond University, Melbourne College of Divinity, Christian Heritage College, and Tabor College.

The arguments put forward by the Union in this previous submission are the same as our concerns with the measures outlined in *Backing Australia's Future*, and include:

1. The inevitable flow-on effect of opening further public funding to the private sector and the consequent pressures placed on scarce public budget. The Australian Council for Private Education and Training, which represents 450 members, at least 15 of which offer their own fully accredited higher education courses, has made no secret of its desire to see all students enrolled in a private higher education institution receive the full suite of subsidies presently available to public universities. Under the current arrangements, once a private provider has been placed on one of the funding schedules in the Higher Education Funding Act 1998 (HEFA), at the Minister's absolute discretion they can gain full access to the range of public subsidies, including HECS places. This practice will presumably be continued in the new Act presently being prepared to replace HEFA. Apart from the potential for additional private providers to gain access to

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<sup>47</sup> [http://www.aph.gov.au/Senate/committee/eet\\_ctte/highedfund02/submissions/sublist.htm](http://www.aph.gov.au/Senate/committee/eet_ctte/highedfund02/submissions/sublist.htm)

public subsidies, attention will need to be paid to those institutions already on the HEFA funding schedules, but which do not receive the full suite of loan and subsidy facilities. In particular, there is a strong possibility that the four private institutions added to the HEFA schedule in 2002 for the purposes of gaining access to PELS will automatically be granted access to FEE-HELP and other loan schemes.

2. Private providers are at arm's length from governmental processes and as such are less accountable for performance in fulfilling their missions. Public institutions in receipt of public subsidies are accountable for their financial activities, their governance arrangements (which include external representation of the broad public interest) and the requirement that they comply with democratically mandated standards in areas such as anti-discrimination and equality of employment opportunity. These accountability mechanisms can be used to fulfil social objectives such as increasing equality of opportunity in student access, supporting research for broad public benefit, and providing a critical, expert voice on matters of public importance. They are also required to provide data to public agencies to be used for both accountability and planning purposes. Another distinctive feature of public institutions is the active role which government can take in assuring the quality of education provided.
3. The lack of a clear and consistent process for including private providers in HEFA and its successor Act. The fact that there have been relatively few additions to HEFA since it was passed in 1988 has made the problems caused by the absence of such a process less apparent. The increasing emphasis in government policy on extending existing funding to private self-accrediting institutions and a range of non self-accrediting institutions, including the measures in Backing Australia's Future, will make this absence of due process hard to ignore.

Public subsidies should not be extended to private higher education institutions without the application of a clear, rigorous and consistent criteria and accreditation process and that this should be more stringent than those used to accredit institutions to offer qualifications. Allowing providers to operate is very different from providing active support through public expenditure. As such, using current State accreditation processes as the basis for receipt of public subsidy is not appropriate, as this is not the purpose for which those processes were developed.

The criteria should be nationally determined and consistent across providers and should set minimum standards that must be met to qualify for receipt of public subsidies, including:

- a. Guaranteed minimum levels of quality and standards (as distinct from quality assurance mechanisms);
- b. Non-discriminatory admissions policy and educational processes;
- c. Full public accountability and transparent governance structures;
- d. Commitment to free and open inquiry;

- e. A curriculum that exposes students to, and tolerates, a variety of intellectual perspectives.

It is also necessary to develop a process by which institutions seeking inclusion in HEFA could be assessed against them. The NTEU believes that it is not enough to empower the AUQA to assess institutions. First, the AUQA was not established for this purpose and is still developing its processes to meet its initial objectives. Second, the AUQA assesses institutions against their self-stated objectives rather than a standard set of nationally agreed minimum standards. Third, giving the AUQA additional responsibility of determining which institutions are eligible to receive funding could compromise its ability to work co-operatively with institutions to ensure quality.

### **Recommendation 13**

**That the Senate reject any plan to extend access to subsidised student places and loans schemes for private higher education providers in the absence of clear, consistent, rigorous and national criteria and processes for governing opening up government subsidisation of places to a wider group of private providers.**

## **4 (b) UNIVERSITY GOVERNANCE**

*Backing Australia's Future* includes the proposal to make \$404 million of additional CGS funding conditional on university management and State and Territory Governments signing up to *National Governance Protocols for Public Higher Education Institutions*.

Governance is a vital issue for Australian universities and that there are important changes that could be made to their current practices. But while it has some positive features, the NTEU strongly disagrees with many of the aspects of the proposed *Governance Protocols*.

In particular, the NTEU believes that any attempt to uncritically transplant private sector corporate governance principles into the university sector is inappropriate. Whilst the NTEU acknowledges that cuts to real government funding have seen universities engage in more commercial activities in an attempt to expand and diversify their funding bases, they remain primarily public institutions. The proposed *Governance Protocols* should explicitly incorporate the fact that universities are not private corporations producing private goods but part of the nation's social and economic infrastructure and a public responsibility.

Other problems underlining the proposed *Governance Protocols*, include:

- a. They do not reflect the fact that universities must be accountable not just to the Commonwealth Government, but to many other stakeholders, including the communities in which they are located and serve, the students they educate and the staff who work for them.
- b. They deal almost exclusively with the responsibilities of universities to the Commonwealth and ignore the vital interest held by State and Territory Governments. States and Territory Governments have a direct stake in universities' performance and are responsible for legislation that establishes universities along with their objects, functions and powers. State and Territory

Governments also have a significant investment in universities in terms of grant funding for infrastructure and/or lands or loans made available on very favourable terms.

- c. They require members of governing bodies act “solely in the interests of the university as a whole rather than as a delegate or representative of a particular constituency”<sup>48</sup> The NTEU believes that university students and staff on governing bodies already act as stated in Protocol 3. However, there must be an acceptance on the part of the Commonwealth and university management that there are different views concerning what is “in the interests of the university taken as a whole”. The Union fears that this clause could be used as a pretext to remove elected staff and student representatives, particularly NTEU members, that the Commonwealth believes are a major impediment to the more efficient functioning of governing bodies. Apart from being anti-democratic, it would be against Australia’s international obligations, namely the UNESCO Recommendation Concerning the Status of Higher Education Teaching Personnel, adopted in 1997 and ratified by Australia. Articles 31 and 32 of that recommendation states:

*Higher education teaching personnel should have the right and opportunity, without discrimination of any kind, according to their abilities, to take part in the governing bodies and to criticise the functioning of higher education institutions, including their own, while respecting the right of other sections of the academic community to participate, and they should also have the right to elect a majority of representatives to academic bodies within the higher education institutions.*

The proposed Governance Protocols are an overly prescriptive approach to the governance issues facing universities, that do not recognise and engage with the diversity of governance needs, institutional types and constituencies that are found in the Australian higher education sector.

The NTEU would also stress that universities are already implementing many of its desired changes. To give just one example, the latest survey by the AVCC puts the average size of university councils at 21, not far from the Government’s stipulation of 18.<sup>49</sup> There is no need for Government interference, particularly moves aimed at making adherence to the Governance Protocols conditional on funding.

The NTEU would point to the approach of the New Zealand Government in its efforts to reform university governance. It has established a consultative process based on a set of broad principles, rather than imposing a prescriptive and formulaic set of protocols.<sup>50</sup>

In terms of specific clauses in the proposed *Governance Protocols*, the NTEU would make the following comments:

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<sup>48</sup> *Our Universities*, p.44.

<sup>49</sup> *Australian University Council Membership, AVCC Summary*, Australian Vice Chancellor’s Committee, May 2003

<sup>50</sup> Meredith Edwards, *Review of New Zealand Tertiary Education Institution Governance*, New Zealand Ministry of Education, May 2003

### *Protocol 1*

The NTEU agrees with the suggestion that the Institution must have its objectives specified in the enabling legislation.

### *Protocol 2*

The NTEU agrees that it is vital for university governing bodies to adopt a clear definition of their primary responsibilities. In addition to those responsibilities set out in Protocol 2 the NTEU would add:

- Ensuring that the university fulfils its roles as a public institution, including its broader community roles and responsibilities.
- Ensuring that academic freedom and institutional autonomy are guaranteed and protected in the external and internal functions of the university.

While it is important that the governing body should not delegate approval for any listed primary responsibilities, Protocol 2 should stress this is different from seeking advice from sources outside of the governing body.

### *Protocol 3*

The NTEU believes that university students and staff on governing bodies already act as stated in Protocol 3 that is “solely in the interest of the university taken as a whole”. Protocol 3 must accept that there are different views concerning what is “in the interests of the university taken as a whole”.

As part of this, Protocol 3 should explicitly state that the rationale for selection or election of many members of governing bodies is precisely because they are expected to understand the perspective of a particular constituency that is important to the university.

Members of governing bodies have the right and, indeed, responsibility to communicate with all university stakeholders and the general public, including the right to make critical comment. Acting as a conduit for the views of particular constituencies is a key function of members of governing bodies.

The vital act of keeping their constituency informed about the deliberations of the governing body and seeking their views and advice is not a conflict of interest, and the NTEU recommends that the Protocol should be changed to explicitly clarify this.

Protocol 3 needs to be amended to accept that the members of governing bodies have a right to the full and timely provision of essential information about the operation of the institution on whose governing body they serve on. Formal recognition of these aspects of university governance is important to ensure that Protocol 3 is not used as a pretext to remove elected staff and student representatives.

Any move to change the enabling legislation of universities to specify the duties of members of the governing bodies and to introduce sanctions for their breach, would only be supported by the NTEU if it were based on a Protocol that incorporates the changes suggested above.

#### *Protocol 4*

The NTEU actively supports the proposal that each governing body should have in place a formal program of professional development for members. This should go beyond only ensuring that members are aware of the nature of their duties and responsibilities and include, at a minimum, training in areas such as how to access and interpret institutional data, particularly financial information, and a high quality and relevant induction program for new members.

As part of professional development obligations of universities, Protocol 4 needs to ensure adequate workload release provisions are in place for staff involved in governing bodies and other governance functions of the institution, including compensation for expenses such as childcare.

#### *Protocol 5*

Protocol 5 needs to be amended to ensure a more flexible approach to size and composition of governing bodies that attempts to ensure a better balance between breadth of membership and depth of expertise.

The NTEU notes that considerable body of emerging research that indicates that size has no significant bearing on how university governing bodies operate.

It is important that governing bodies seek to balance their many interests and obligations with a mix of professional, industry and education skills that reflect their roles as business, educational and community institutions. As part of this, staff and students are key stakeholders of universities and rightfully occupy places on university councils. They bring extensive expertise to their role as part of their knowledge of and commitment to their institutions.

The participation of members of any State or Commonwealth parliament or legislative assembly can be a positive for governing bodies and should not automatically be ruled out. They can enhance parliament's understanding of the universities' work and vice versa, as well as improve accountability and consultative processes between institutions and governments. The participation of members of State or Commonwealth parliaments should be left at the discretion of the institution.

The NTEU recommends Protocol 5 be amended to state that the size of a governing body should have a minimum of 18 to ensure an appropriate diversity of experience.

#### *Protocol 6*

The NTEU agrees that there is a need for systematic and transparent procedures for the nomination or appointment of governing body members, as opposed to those who are elected. The NTEU also agrees with the suggestion that such procedures could be delegated to a nominations committee of the governing body.

There should be measures to encourage diversity in membership and community participation, including the participation of Indigenous people and members of parliaments.

#### *Protocol 7*

The NTEU agrees with the need for the institution to codify and collate their internal grievance procedures and make these public. This should also recognise the rights and

responsibilities held by the Institution, staff and students under relevant State and Territory legislation.

*Protocol 8*

The NTEU agrees that the annual report of the institution should be used for reporting on high-level outcomes required by the Commonwealth.

*Protocol 9*

The NTEU believes that risk management should include the need for an evaluation and review of the performance of governing bodies.

*Protocol 10*

The NTEU believes that the institution has an obligation to keep the Commonwealth Minister for Education informed of any significant event affecting the institution or its subsidiaries that may impact on its legislative obligations.

The NTEU believes that the proposal for universities to sign Funding Agreements with the Commonwealth represents an unprecedented intrusion on institutional autonomy and that funding should not be tied to universities' governance arrangements.

Protocol 10 should be amended to highlight the role of the State and Territory Governments in university governance. Substituting the word Minister for "ministers" could most effectively achieve this.

*Protocols 11 and 12*

The NTEU agrees with the measures recommended in Protocol 11 and Protocol 12 to effectively oversee controlled entities, but given the importance of universities' public accountability obligations, this Protocol should be amended to state that such documentation should be publicly available.

**Recommendation 14**

**That the proposed *National Governance Protocols for Public Higher Education Institutions* be amended to state the following:**

- **The governing body's primary responsibilities include the Institution's role as a public institution and ensuring that academic freedom and institutional autonomy are guaranteed and protected;**
- **The recognition of the vital role that university students and staff play on governing bodies and their right to participate in governing bodies and criticise the functioning of higher education institutions, including their own, as set out in the *Recommendation Concerning the Status of Higher Education Teaching Personnel*, adopted by the 1997 General Conference of UNESCO;**
- **The right of members of governing bodies to communicate with all university stakeholders and the general public. The *Protocols* should be amended to include the recognition that acting as a conduit for the views of particular constituencies is a key function of governing body members and is not a conflict of interest;**
- **The right of members of governing bodies to the full and timely provision of essential information about the operation of the institution on whose governing body they serve;**

- The existence of adequate workload release provisions for staff involved in governing bodies and other governance functions of the institution, including compensation for expenses such as childcare;
- A flexible approach to the size and composition of governing bodies that ensures a better balance between breadth of membership and depth of expertise, rather than a Commonwealth mandated maximum number of members;
- That the involvement of members of any State or Commonwealth parliament be left to the discretion of the institution concerned;
- That risk management procedures should include the need for an evaluation and review of the performance of governing bodies;
- That measures to oversee controlled entities include the stipulation that resulting documentation be publicly available, in line with universities' public sector obligations.

#### 4 (c) ACADEMIC FREEDOM

UNESCO has defined the academic freedom rights central to the work of higher education teaching and research staff in the 1997 Recommendation on the Status of Higher Education Teaching Personnel.<sup>51</sup> These rights exist generally as a citizen, and specifically within their institutions. General rights are important because they give substance to the right to speak out, both generally on government policies and specifically on issues relating to higher education. In fact in New Zealand, the Education Act specifically speaks about the role of universities as “critic and conscience” of society. In this context UNESCO argues that

*..all Higher-education teaching personnel should enjoy freedom of thought, conscience, religion, expression, assembly and association as well as the right to liberty and security of the person and liberty of movement. They should not be hindered or impeded in exercising their civil rights as citizens, including the right to contribute to social change through freely expressing their opinion of state policies and of policies affecting higher education. They should not suffer any penalties simply because of the exercise of such rights.*

Higher-education teaching personnel also have rights through their role as academics in teaching, research and public commentary. Such freedoms are stifled if academic staff do not have the right to participate in academic associations, including trade unions. The UNESCO recommendation sees these freedoms as essential in the maintenance of academic freedom.

*Higher-education teaching personnel are entitled to the maintaining of academic freedom, that is to say, the right without constriction by prescribed doctrine, to freedom of teaching and discussion, freedom in carrying out research and disseminating and*

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<sup>51</sup> UNESCO, *Recommendation concerning the Status of Higher-Education Teaching Personnel*, adopted by the General Conference at its 29<sup>th</sup> session, Paris, 21 October-12 November 1997, pp 10-11. Note that while the Recommendation uses the term “higher education teaching personnel”, this should be read to mean academic staff, or teaching and research staff. The Recommendation itself also sets standards for research, recognising that research is a component of the work of ‘higher education teaching personnel’.

*publishing the results thereof, freedom to express freely their opinion about the institution or system in which they work, freedom from institutional censorship and freedom to participate in professional or representative academic bodies. All higher-education teaching personnel should have the right to fulfill their functions without discrimination of any kind and without fear of repression by the state or any other source.*

Academic freedom is often associated with, and seen to be essential to, the concept of institutional autonomy. Clause 17 of the UNESCO Recommendation refers to institutional autonomy as:

*that degree of self-government necessary for effective decision-making by institutions of higher education regarding their academic work, standards, management, and related activities consistent with systems of public accountability, especially in respect of funding provided by the state, and respect for academic freedom and human rights<sup>52</sup>.*

Moreover, Clause 21 outlines the internal institutional characteristics of autonomy:

*Self-governance, collegiality and appropriate academic leadership are essential components of meaningful autonomy for institutions of higher education.<sup>53</sup>*

Thus academic freedom is an inherent characteristic of higher education. It underpins the collegiality of institutional governance arrangements and the rights of staff to both external and internal freedom of speech and movement. It also encompasses responsibilities to produce new knowledge, for academics to voice their opinions and critique existing wisdom. *Backing Australia's Future* could impact on this freedom in a number of ways:

The proposal to further restrict the size and composition of governing bodies, including the implicit threat to staff and student representation, has the capacity to constrain academic freedom, negatively impacting on the quality for teaching and research in higher education. As one commentator in the United States has put it, the expertise of student and staff as members of particular constituencies that is presently represented on many governing bodies is critical because:

*It is this very expertise that protects and legitimates critical scholarship and that enables faculty to distinguish between good and bad scholarship, to decide when the boundaries of reasonable thought and good professional practice have been breached.<sup>54</sup>*

Experience in the United States shows that having a 'board of trustees' is not inconsistent with inclusion of members from constituencies that make up a university, as many US examples illustrate. Indeed, another US college professor wrote:

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<sup>52</sup> *ibid* p.7

<sup>53</sup> *ibid* p.8

<sup>54</sup> Joan Wallach Scott, 'The Critical State of Shared Governance', *Academe*, July-August 2002, p.42. Scott is Professor of Social Science and a Chair of the American Association of University Professors' Committee on Academic Freedom and Tenure.

*American universities have achieved their international prominence precisely because they have ... recognized the value of free inquiry, open expression, and discovery that is driven not by financial gain but by broader social ends.*<sup>55</sup>

The NTEU also has concerns relating to the proposed Teaching and Teaching Performance Fund. We support the proposal to reward excellence in teaching and learning, especially systematic support for professional development in learning and teaching for sessional and full-time academic staff<sup>56</sup>. However, we are concerned by attempts to make results of student evaluations of teaching publicly accessible on institutional websites. Student evaluations are not designed to give 'objective' assessment of an individual's teaching skills. They are usually part of course evaluation, and are taken before students complete the particular subject. As such, they are specific to the particular time and subject in which the survey is taken. The degree to which students feel comfortable with the curriculum is often very influential in their grading of both the course and teaching performance. Some students are influenced by whether the teaching staff involved are perceived as "hard" or "soft" markers, as well as whether students think the course is "easy" or "hard". Some teaching staff score a consistent string of high scores, and are then asked to teach a different course in which they are less familiar, and scores may differ from the previous history. As an assessment instrument, student evaluations are best used for internal purposes, since this maximises the cultural integrity of the survey and the survey results. Student evaluations are also important as part of internal staff development assessment processes, and are always useful for the individual academic. When students fill in the assessment forms, they are guaranteed confidentiality, and staff are not allowed access to the student evaluations until after all assessment in the course is completed. Hence, while student evaluations are an important part of the pedagogic process, they are not developed to provide information on who is the "best teacher". On the other hand, universities are keen to highlight best teaching practices within the institution, and also on their institutional web sites.

From an industrial point of view, assessment of teaching is undertaken through the peer review processes of probation, permanency and promotion committees. Ultimately, of course, staff can be placed on charges of unsatisfactory performance and be assessed through the procedures laid down in the enterprise agreement. It is totally inappropriate to assume that student opinion is the mechanism to guarantee quality in a professional occupation.

The NTEU also opposes the proposed use of graduate employment outcomes and student progress as 'evidence' of sound teaching practices. Graduate surveys have not been designed, nor do they incorporate criteria for, assessing teaching performance. Student progress is not determined solely by the quality of teaching provided in an institution. It is also influenced by the resources available to students at the institution, the amount of time the student is able to devote to their studies, as well as the myriad of personal circumstances within the student's life that impacts on their ability to achieve appropriate standards in their university courses.

Implications for academic freedom also arise from the proposals for workplace 'reform'. The growing corporatisation of higher education has meant that the only way academic

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<sup>55</sup> James Shapiro, quoted in 'The Critical State of Shared Governance'.

<sup>56</sup> *Backing Australia's Future*, p.27.

freedom could be protected was for it to be enshrined in industrial law through insertion in institutional collective bargaining agreements. Yet, collective bargaining in Australian universities is increasingly subject to efforts by the Australian Government to use funding to pressure institutions and unions to introduce provisions sought by the government. In 1999, the then-Minister for Education, David Kemp, released details of a Workplace Reform Programme that universities and collective agreements needed to comply with in order to receive additional funding. In 2003, through *Backing Australia's Future*, his successor Dr Nelson, has tied \$404 million in additional funding to collective agreements including the provision for staff to be offered individual employment contracts that potentially override the terms of the collective agreement.

Ultimately, curtailing academic freedom will result in the tarnished capacity of universities to fulfil their core missions. The ultimate power of universities derives from their capacities to generate knowledge and the potency of their teaching and research. As Marginson has argued:

*In turn, this potency relies on an irreducible element of academic independence. Strategic planners and resource managers cannot anticipate where research and knowledge are heading. Without independent-minded resource-strong disciplines, no university can be cutting-edge.*<sup>57</sup>

#### **Recommendation 15**

**That academic freedom rights be legislatively guaranteed for higher education teaching and research staff as outlined in the UNESCO Recommendation concerning the Status of Higher-Education Teaching Personnel, 1997.**

#### **4(d) WORKPLACE RELATIONS**

Nowhere is the ideological obsession of the Government more apparent than in those elements of the *Backing Australia's Future* package that deal with industrial relations within universities.

Universities have long-since and correctly, ceased to be isolated from society generally or from the public policy objectives of government. Government funding and regulatory models necessarily have an impact on, and influence, the management of universities.

However, the Workplace Reform Programme (1999-2003) and now the proposed reform package, represent an unprecedented, intrusive, and unwanted interference in the internal management and decision-making of what are supposed to be autonomous institutions. Moreover, the changes foreshadowed by the Government in this area, are not supported by any evidence arising from the consultation process that led to the publication of *Backing Australia's Future*.

The Workplace Reform Programme (WRP) resulted in an additional \$259m in funding for higher education. While the NTEU welcomed the increased funding, the prescriptive list of "reforms" – for example a requirement to review procedures whereby staff elect to pay their union dues by payroll deduction – were of no value in improving the quality of

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<sup>57</sup> Simon Marginson, 'What's Wrong with the Universities?', *Arena Magazine*, November-December 2002, Blue Book number 4, p.12.

either higher education or industrial relations in universities. The Government failed to achieve its policy objectives – AWAs, non-union agreements and reduced Award/Agreement protections for staff. In fact, the WRP failed to achieve any substantive outcomes at all.

Nevertheless, it did cause significant delays and tensions in bargaining at many Universities, with unions and managements arguing, for example about what measures would, or would not gain the approval of the Minister.

The current industrial relations component of BAF to be considered by the Senate, includes much larger sums of money directly linked to the ideological agenda of the Government.

The Backing Australia's Future package links \$404m of additional funding under the proposed Commonwealth Grants Scheme directly to industrial relations. The statement says:

*“This increase in funding will be provided once an institution has adhered to the National Governance Protocols and has demonstrated compliance with the Commonwealth’s workplace relations policies. In particular, enterprise agreements should not preclude the option of negotiating Australian Workplace Agreements.”*

This statement is highly ambiguous. Discussion with Departmental officials, as well as with Minister Nelson, have failed to elicit a clear public statement as to the meaning of “compliance with the Commonwealth’s workplace relations policies”.

This is also true of the statement “In particular, enterprise agreements should not preclude the option of negotiating Australian Workplace Agreements”<sup>58</sup>.

The Senate should question the deliberate ambiguity of the Government’s position on both the issue of general “compliance” and AWAs.

### **Recommendation 16**

**That the Senate require the Government to disclose fully to the Senate any policy and/or statutory guidelines it has made, or intends to make, pursuant to its Statements at Section 2.2 of the BAF Statement in relation to:**

- **“compliance with” the Commonwealth’s workplace relations policies, and**
- **what constitutes enterprise agreements precluding the option of negotiating AWAs.**

### **The Use of AWAs in Higher Education**

Virtually all higher education employees have the benefit of collective agreements negotiated by the NTEU and/or other unions in the sector.

These collective bargaining arrangements have a high level of support among employees. Generally speaking, where union collective agreements negotiated by and

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<sup>58</sup> *Our Universities Backing Australia’s Future*, p.13.

approved by the relevant unions are put to a ballot of all staff, the number of employees who oppose them is negligible.

Moreover, since the commencement of the Workplace Relations Act in 1997, the NTEU is not aware of any employee at any university who has sought an AWA, let alone sought an AWA because of any inflexibility in a collective agreement.

The NTEU draws the Committee's attention to the following:

There is nothing in any of the NTEU's Certified Agreements that prevents the payment of additional salaries, bonuses, allowances or the granting of additional leave or family-friendly arrangements.

Moreover, where employers have sought to negotiate these, NTEU Agreements provide for common-law contracts ('senior performance management contracts') which enable flexibility in respect of senior staff positions, displacing the certified agreement provisions in areas such as discipline, termination, performance, leave loadings, redundancy and salary increases.

Therefore, there are only two reasons why an employer in higher education could wish to use an Australian Workplace Agreement – either to deprive employees of rights they would otherwise have under a certified agreement or to meet the ideological prescriptions of the Commonwealth.

Since most universities do not want to reduce conditions and already have "flexibility", it is not surprising that there is no clamour, even among employers, for AWAs in higher education.

The NTEU's submission is that the Government's purpose is to use AWAs as a means of undermining collective bargaining in universities, with the ultimate purpose of weakening the voice of university staff opposing their policies.

Such a policy is clearly inconsistent with Australia's obligations under Article 4 of the International Labour Organisation<sup>59</sup> that encourages the primacy of collective bargaining.

The Workplace Relations Programme was meant to encourage the use of AWAs and included other measures aimed at reducing the collective strength of staff in universities through their industrial organisations.

University employers, with whom the NTEU negotiates, overwhelmingly expressed the view, during the enterprise bargaining negotiations which occurred during the operation of the Workplace Reform Programme, that they had no interest in the measures required by the Programme (such as AWAs), and were only pursuing these in order to meet the requirements for extra funding from the Commonwealth.

### **Other "Compliance" Requirements for Funding**

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<sup>59</sup> ILO, *Convention No. 98 on the Right to Organise and Collective Bargaining*, 1949, Article 4.

As stated above, the Government has not yet indicated what is meant by “compliance with Commonwealth workplace relations policies”, other than the specific reference to Australian Workplace Agreements.

One issue, however, which has been the subject of media reports, is illustrative of the character of the Government’s industrial relations agenda. According to a Report in *The Age* on Wednesday 6<sup>th</sup> August 2003, “Canberra Plan to Hit Staff Unions”, this agenda might include a requirement that the union’s on-campus offices be removed.

This proposal shows a gross ignorance of the important role played by staff representatives within universities through union organisation. Universities are large organisations and the NTEU Branch and its local officers, play an important role in consulting management and are usually represented on a range of university Committees and Branch Enterprise Agreements which also require the university, and the union, to play a role in consultation over staff issues. Many union representatives are required, as part of contributing to the collegial processes of university life, to contribute their views to university decision-making. This invariably involves the commitment of many hours of unpaid time.

In these circumstances, it is not surprising that universities have entered into arrangements with the NTEU and other unions, so that they are able to have or rent modest office facilities within universities. The presence of such offices and facilities make the process of consultation and representation more efficient.

Moreover, any proposal to link the funding of education programmes to decisions by universities about how they allocate their office-space would be merely laughable if they did not also constitute an egregious interference in institutional autonomy.

In summary the NTEU believes that all higher education institutions should be free to determine their own industrial relations arrangements, within the framework of the law of the land, including the forms and content of industrial agreements and the other arrangements it makes for the representation of staff. Funding levels should not be dependent on institutional decisions about these matters.

#### **Recommendation 17**

**That the Senate ensure that any higher education legislative package does not reduce the institutional autonomy of universities by allowing the Minister to take into account, when allocating funds, the legitimate choices made by employers, employees and unions in negotiating industrial agreements and in other matters concerned with industrial relations within higher education.**

#### **The Workplace Productivity Programme**

Section 8 of *Backing Australia’s Future* refers to a proposed Workplace Productivity Programme (WPP), worth a total of \$55.2m over 2006 and 2007. It states:

*Funding under the new programme will be made contingent on universities demonstrating a commitment to workplace reform, through the implementation of flexible working arrangements and a focus on direct relationships with employees and improved productivity and performance. The details of the evidence universities will need to*

*provide to demonstrate a commitment to workplace reform will be settled prior to the implementation of the Programme. Essential features will include evidence of a fair and open performance management system which links access to salary movements to an individual's performance and evidence that an institution is actively offering individual employment arrangements to employees.*

The Statement itself acknowledges that further “details” are required.

In relation to the issues raised in the quote the NTEU asks the Committee to recognise the following facts:

Academic career progression is already based upon a five-level classification structure. Promotion within that structure and therefore most salary progression is based solely on individual academic merit, through a rigorous and difficult promotion system. No-one moves from one classification to another on the basis of seniority or service, and even salary movement within a classification is based upon an annual individual performance assessment.

General staff are classified into a ten-level classification structure. Movement between classifications is based either on the demonstrated acquisition by the individual employee of additional skills or responsibility, or by selection through competitive advertisement for a higher-classified position.

Thousands of academic staff and some general staff already received individually-tailored payments above those specified in enterprise agreements. These include market loadings, merit loadings, shares of research or consultancy revenue, responsibility loadings, bonuses and the like. There is nothing in the existing industrial agreements or arrangements that restrict or prevent these.

The only “automatic” pay increases received by all staff are those which the unions negotiate and which compensate employees for increases in the cost of living and/or maintain their position relative to average weekly earnings.

In reference to “flexible working arrangements” higher education already has a highly flexible workforce with more than one-third of all employees being hourly-paid (on one-hour's notice) and more than one-fifth being on fixed-term contracts (usually between one and three years in length).

Part time employment is also widely used. Outside agriculture harvesting and hospitality, it is hard to find a more “flexible” workforce in any industry.’

In light of all these circumstances, the NTEU assumes that all institutions already meet what will be the criteria for the WPP.

Nevertheless, NTEU submits that the criteria of the WPP should be announced by the Government, and be open to public scrutiny, prior to the passage of any legislation authorising its operation.

## Proposed changes to the Workplace Relations Act

Section 8.2 of the Ministerial Budget Statement also foreshadows proposed changes to the Workplace Relations Act 1996. These are said to be necessary because of industrial action taken by academic staff. The Statement includes the following:

*An amendment will be made to the Workplace Relations Act 1996 to amplify the power of the Australian Industrial Relations Commission (AIRC) to end protected industrial action, by requiring the AIRC to take particular account of the welfare of particular classes of people, that is, people who are clients of health, community services or education systems, including students.*<sup>60</sup>

Again it is difficult to make a detailed submission in the absence of draft legislation. However, a legislative amendment of the type foreshadowed would clearly have implications well beyond the NTEU and universities. There is at best a flimsy relationship between the justification offered by the Minister and his description of the legislative proposal. The Minister's justification is as follows:

*In some cases ... industrial action has taken the form of withholding student's examination results. This prevents students from providing results to potential employers, hinders the re-enrolment process and does not institute fair and reasonable industrial action*<sup>61</sup>.

The NTEU acknowledges that it has from time-to-time taken industrial action, which has sometimes included a ban on the transmission of student results to the central administration at the University. The NTEU does not resile from or apologise for this.

However, the NTEU draws the Committee's attention to the following facts:

- a. Industrial action in higher education around enterprise bargaining has only ever occurred after months, and sometimes years, of negotiation without agreement.
- b. The NTEU always establishes arrangements for exemptions for students facing hardship, usually in co-operation with the student union on the relevant campus.
- c. NTEU members generally advise students of their results, merely refusing to advise the central administration of the University.
- d. In many cases employees lose all their pay for imposing bans on the transmission of results, yet continue to perform all their other teaching and research duties, in effect, gratis.

Nevertheless, the NTEU acknowledges that virtually any effective industrial action will have an impact on students. It is in the nature of legitimate industrial action that it will have an effect on third parties. If the employees in a politician's office go on strike, this will have an impact on constituents who, presumably, will be unhappy that they cannot get advice. If industrial action has no impact, there is no point taking it. If industrial

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<sup>60</sup> *Our Universities: Backing Australia's Future*, p.35

<sup>61</sup> *ibid*

action is not allowed, by law, to have an impact there is, in effect, no right to take industrial action.

Just as it is impossible for nurses or teachers to take effective industrial action without having an impact on patients or students, so University staff cannot take effective industrial action without it having an impact on students. In any case, however, the existing legislation provides that the Commission may suspend or terminate a bargaining period when industrial action is threatening:

*to endanger the life, the personal safety, or the welfare, of the population or part of it*<sup>62</sup>

Under the existing legislation, employers have applied and on one occasion succeeded, in obtaining orders against the NTEU to cease industrial action under this Section of the Workplace Relations Act. The NTEU has abided with the Commission's orders in every case. The discretion currently vested in the Commission is appropriate. The very words of 170MW(a) already implicitly direct the Commission's attention to industries such as health, education and essential services. There is no need to further amend the Act, unless the intention of the Parliament is to render merely formal the right of employees in health, education or community services to take protected industrial action.

### **Recommendation 18**

**That the Senate reject any measures that further restrict the right of employees to take protected industrial action under the *Workplace Relations Act*.**

### **The Real Workplace Relations Issues in Higher Education**

The most striking feature of the *Backing Australia's Future* Package's discussion of industrial relations is not so much what it says. Rather, it is its failure to address the real industrial relations issues in higher education. There is nothing in the package that deals with the following problems:

#### *1. Workloads and Student/ Staff Ratios*

Since 1994, there has been an increase of 44% in the ratio of Students to Teaching staff in Australian universities. In addition it is universally acknowledged that staff have had additional workload caused by the need to increase fee, private and other non-government income. It is therefore no surprise that academic staff have repeatedly identified "out of control" workloads, and general staff report high levels of unpaid overtime.

Anecdotal evidence is also supported by research: McInnis<sup>63</sup> found that levels of job satisfaction among academics had fallen from 67% in 1993 to 51% in 1999. Their dissatisfaction was related to salaries, conditions, and declining opportunities to pursue professional interests.

The study found that 40% of academics work more than 50 hours per week, while 55% report increased workloads over the last five years. McInnis concluded that the quality of teaching and research is threatened by such working arrangements.

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<sup>62</sup> *Workplace Relations Act*, 1996, s.170 MW(3)(a)

<sup>63</sup> McInnis, *The Changing Work Role of Australian Academics*, DETYA, 2000

During 2000, a major study was undertaken into stress levels in Australian Universities<sup>64</sup>. The study involved 17 universities, and a total of 8732 responses. The response rate was 25%, and analyses suggest that the sample is representative.

Key findings of the study include:

- a. About 50% of respondents were at risk of psychological illness, compared to 19% of the Australian population.
- b. Academic staff were most affected by reduced job satisfaction, especially as it relates to university management, hours of work, industrial relations, chances of promotion, and rates of pay.
- c. General staff were most dissatisfied with their chances of promotion.
- d. Psychological strain was highest and job satisfaction was lowest among level B and C academics (lecturers and senior lecturers) especially in humanities and social sciences.
- e. More than 30% of academics reported working more than 55 hours per week, and 43% of general staff worked unpaid overtime.
- f. Trust in senior management and perceptions of procedural fairness were both low.

Staff in higher education have carried the brunt of declining resources and increased student loads. Suggestions in the *Backing Australia's Future Package* that high priorities were "effective performance management systems", and that probation and promotion decisions be linked to student evaluation published on the institution's website, could reasonably be seen as deliberately designed to exacerbate the problems identified by the research.

To the knowledge of the NTEU, not one Australian Vice-Chancellor has suggested that there is any significant problem with staff performance or effort. Moreover, an increase in "individualised employment arrangements" (BAF Section 8) with pay linked to student evaluations or management perception of individual performance are likely to increase even further the pressures on staff.

## 2. Casualisation

One way in which universities have sought to cope with the financial pressures on them has been by the increase in casual hourly paid staff. This has grown steadily during the period 1993 to 2001 as is shown in the following table:

**Table 6**

| YEAR | ACADEMIC | GENERAL |
|------|----------|---------|
| 1993 | 14.6%    | 8.1%    |
| 2000 | 19.6%    | 11.8%   |

Universities have always, appropriately, used some casual staff with particular professional or vocational expertise to supplement their teaching capacity, and casual tutoring work has traditionally employed postgraduate research students as a means of supplementing their income and providing them with opportunities that may assist their aspirations toward an academic career. However, over the past decade, casual

<sup>64</sup> Winefield et al, *Occupational Stress in Australian Universities*, 2001

employment has been increased simply as a cost-cutting measure. Perhaps 40% of all undergraduate teaching is now done by casual hourly paid staff.

Such an arrangement has a number of consequences. Many full-time staff are now, on top of their other duties, required to supervise and mentor large numbers of casual staff.

Of even greater significance is the fact that the casualisation of work itself reduces the opportunity for junior academic career aspirants to enter the non-casual workforce. Most academic and general staff casuals are employed in ongoing “permanent” work and most would prefer not to be casual staff.

The NTEU assumes that the references to more “flexible” employment practices in Section 8 of the BAF Statement indicate the Government’s intention to encourage greater resort to precarious employment in higher education.

### *3. Gender Pay Equity*

Australia’s higher education institutions are still a long way from achieving gender pay equity. A 1998 study of gender pay equity in higher education showed that in 1997, for academic staff, men earned an average of \$439.31 per fortnight more than women, and for general staff men earned an average of \$264.72 more than women.<sup>65</sup> There are a number of reasons for this gap, perhaps most significant of which is under-representation of women in senior positions, itself partly a result of women’s interrupted employment patterns.

The proportion of academic staff at Levels D and E who are women has grown only slowly, from 10% in 1992 to approximately 18% in 2002<sup>66</sup>. This remains well below what might be expected given women’s share of the academic workforce, suggesting that there is still a measure of disadvantage experienced by women in progressing academic careers. Similarly, women are also clustered at the lower levels of the general staff classification structure. There is nothing in the Government’s budget package that would tackle this problem.

### **The Higher Education Support Amendment (Abolition of Compulsory Up-Front Student Union Fees) Bill**

The NTEU has some 400 members employed by organizations of students – mostly in professional, administrative and managerial positions. (Other unions also have significant membership among other occupational groups).

The NTEU would be gravely concerned for the future employment of these staff, all of who perform important community-service work within universities. It is highly likely that the passage of the Higher Education Support Amendment (Abolition of Compulsory Up-Front Student Union Fees) Bill would endanger the job security of thousands of employees who work for student organizations.

Perhaps the most severe economic consequences of the proposal would be in regional areas such as Gippsland, Warrnambool, Ballarat, Bendigo, Wagga Wagga, Bathurst, Armidale, Lismore, Toowoomba, Rockhampton, Nambour and Townsville, where the

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<sup>65</sup> Probert, Ewer and Whiting, *Gender Pay Equity in Australian Higher Education*, 1998, pp 36, 65.

<sup>66</sup> DEST, *Staff 2002: Selected Higher Education Statistics*, 2002.

student union fee income constitutes a significant portion of the local economy and has created thousands of regional jobs, as well as providing a major boost to the cultural and social infrastructure of these centres.

Whether or not there are student organizations, universities must collect fees to support community activities. Universities, like other communities, need public goods as well as private goods. These include childcare, counselling and welfare services, and cultural activities, meeting rooms and other social infrastructure, media services, employment referral services, sporting facilities, and all the other things that help make a University into a community and not merely a point of consumption.

There can be no doubt that encouraging such a sense of community is essential to the quality of the educational experience of students and to successful course completion. There can also be no doubt that without adequate funding from somewhere, the necessary community infrastructure will not exist.

The abolition of compulsory general service fees would take some time to take full effect – the significant capital, infrastructure and other resources would take some time to run down. Nevertheless, within a decade, Australian campuses would be desolate places unresponsive of students' learning experiences.

If the Senate is inclined to support the maintenance of a compulsory general service fee, the question then arises as to who should control the uses to which that fee is put. It is not appropriate that anyone except students, deciding democratically through their own established organisations, should decide this.

As part of this process, such organisations automatically confer membership on all students. This "membership" consists of nothing more than the right to vote in elections for the representative bodies that determine community issues for the student body.

While it might be argued that the conferral of automatic membership involves the ethical obligations of citizenship (such as active participation), membership imposes no legal obligation on the student to do, or not do, anything. In this sense membership is in no real sense compulsory – rather it is conferred.

The NTEU submits that the real motivation of the Government in proposing anti-student union legislation is to silence the collective voice of students. For many decades, representative democratic student organisations have been a thorn in the side of governments of all political persuasion. The current Commonwealth Government clearly wants this to stop.

The NTEU refers the Senate Committee to its previous submission on the 1999 VSU Bill. Without seeing the legislation, one can only imagine that the models to be proposed by the Government and the issues involved in a discussion of VSU remain similar to those discussed at such length in 1999.<sup>67</sup>

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<sup>67</sup> NTEU Submission to the Senate Employment, Workplace Relations, Small Business and Education Legislation Committee Inquiry into the *Higher Education Legislation Amendment Bill 1999*.

## **Recommendation 19**

**The Senate oppose legislation to prohibit universal student union membership.**

## **5. IMPLICATIONS FOR INDIGENOUS STAFF AND STUDENTS**

The NTEU Indigenous Tertiary Education Policy Committee (ITEPC) in September 2002 tabled a submission to the *Higher Education at the Crossroads* review. The submission proposed a number of key policy options for the Commonwealth to meet the issues raised in the Crossroads Indigenous discussion paper "Achieving Equitable and Appropriate Outcomes: Indigenous Australians in Higher Education" (04/08/02). These proposals include;

- An increase to the annual allocation of Indigenous Support Funding (ISF).
- Funding to increase Indigenous employment in higher education
- Establishment of Indigenous Higher Education Advisory Council
- Strategic implementation of policy across all levels of education.

### **Increased Indigenous Support Funding (ISF).**

To increase the retention, completion and success rates of Indigenous students, the Indigenous Support Fund requires additional resources to be allocated. This would be a recognition that the number of Indigenous Australian students in higher education increased steadily through the 1990's and was projected to increase further beyond 2002. Yet at the same time the level of Indigenous Support Funding did not increase correspondingly. A consequence of this is that the level of Indigenous Support Funding per student decreased steadily since 1996. This will require the Commonwealth to top up the current ISF funding levels to that of 1996. The NTEU submission recommended an increase of \$5.14 million annually. The provision of \$10.4 million dollars over the next three years increases ISF annually by \$3.46 million and represents a shortfall of \$1.68 million annually and \$5 million over the triennium to what was recommended.

### **Additional ISF Eligibility Criteria**

There are three new additional 'eligibility requirements' to satisfy before Institutions can access ISF. These are:

- An established University Aboriginal Advisory Committee
- An existing Indigenous Employment Strategy
- Increased Indigenous Enrollment and Completion

The adoption of the additional criteria means that those Institutions who have not achieved success in any one or of the extra criteria, while satisfying the previous ISF eligibility requirements, may lose a proportion of their ISF allocation. ISF is for the support of Indigenous students and should not be contingent on the Universities ability to achieve an industrial outcome through the requirement to have an Indigenous employment strategy, or a political outcome through the establishment of the Aboriginal Advisory Committee. These two initiatives are extremely important and they should not be pursued at the expense of diminishing the ability for Universities to access ISF.

These initiatives should be funded separately and have program linkages and relatedness to ISF programs objectives and outcomes.

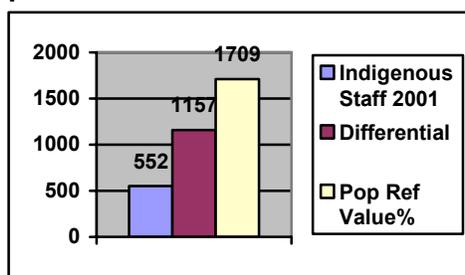
### **Recommendation 20**

**That the Senate recognise the importance of the Indigenous support fund and propose increases beyond that indicated in the package, and that the Commonwealth ensure that the actual level of ISF provided to each university does not decrease in real terms within the current triennium. In addition the Commonwealth provide separate and additional resources for the establishment of the Universities Aboriginal Advisory committees and Indigenous employment strategies. ISF Funding should not be contingent on the establishment of the Advisory committees or institutional Indigenous employment strategies.**

### **Increasing Indigenous Employment**

The NTEU Indigenous Crossroads submission also called for an increase in the number of Indigenous staff employed by universities to at least the level of the relevant reference value for the population. Currently Indigenous people comprise only 0.72% (552) of employees at university, while the minimum reference value for the population is 2.2%.

**Figure 9: Indigenous Pop Reference Value**



To achieve the level of employment in universities equivalent to population share, this figure would need to increase by 1.5%, representing an increase of 1157 FTE staff (assuming no increase in other categories of university employment). The Minister provided no specific funding for increasing Indigenous employment. Rather the Minister opted to provide in the context of this recommendation, a piecemeal consolation by reforming the ISF eligibility criteria to include evidence of an Indigenous employment strategy and an Aboriginal Advisory committee. In addition the Minister has provided for 5 Indigenous staff scholarships annually, which may not be specifically responsive to the Indigenous employment recommendation but it has direct implications to Indigenous staff in higher education as detailed below.

### **Indigenous Staff Scholarships**

#### **Postgraduate Priority**

The package states both Academic and General Indigenous staff are eligible for one of 5 scholarships nationally, offered annually and beginning in 2004. The scholarships are to prioritise Indigenous Academic staff undertaking postgraduate study, which automatically disenfranchises Indigenous General staff from qualifying.

## **No Backfilling Support**

In addition there should be resources to support backfilling of specialised positions that are occupied by scholarship recipients when undertaking their study leave. These specialised positions usually are highly critical to the effective and efficient operations of an Indigenous education centre, with the recruitment and retention of skilled Indigenous staff to these positions being very difficult. To have a staff member from one of these positions take study leave for 12 months without appropriately backfilling the position could in fact directly impact on the quality of support and services provided to Indigenous students generally. The provision of 5 scholarships nationally and annually is grossly inadequate.

### **Recommendation 21**

**The Minister engage in discussion with the Indigenous Higher Education Advisory Council to develop an appropriate Commonwealth response to the continuing disproportionate under-representation of Indigenous employees in the Higher Education Sector;**

**The Senate recommend that the provision of 5 Indigenous staff scholarships be increased to 25 per year and that 10 of these will specifically target Indigenous general staff in higher education;**

**The Senate recommend that the Commonwealth provide additional resources to assist institutions to backfill positions of recipients of the scholarships when undertaking study leave.**

## **National Indigenous Higher Education Advisory Council**

The NTEU Indigenous Crossroads submission recommended the establishment of National Indigenous Higher Education Advisory Council, with the capacity to conduct an annual conference and broad consultation with community, industry and government representatives. The draft terms of reference of the Council are to provide advice to the Federal Minister for the Department of Education Science and Training (DEST) on Commonwealth Indigenous Higher Education policy. In response to the lack of quality data, the Council in conjunction with DEST, would also need to develop a range of comprehensive reporting and monitoring mechanisms to provide enhanced data collection and analysis for the production and dissemination of reports on sectoral trends impacting on Indigenous participation.

### **Structure, Roles & Responsibilities**

The Minister has provided no detail on the structure of the Council but has broadly outlined its roles and responsibilities which include:

- Advise the Minister & DEST on Indigenous Higher Education
- Conduct an annual Indigenous Higher Education Conference
- Developing Indigenous employment and education strategies
- Recommend Indigenous scholarships & present awards

The NTEU met and raised the Councils structure with the Minister who stated he would take advice from Indigenous Higher Education groups, as to the preferred model. In response the NTEU Indigenous Tertiary Education Policy Committee (ITEPC) is currently drafting a submission to the Minister recommending a preferred structure. The ITEPC will organise, in association with DEST, a round table consultation with Indigenous representatives in Canberra to inform the development of an appropriate Council structure to be recommended to the Minister before the end of 2003.

### **Financial & Administrative Resources**

The ITEPC is concerned that the annual allocation of \$260,000 to resource the Councils operations and activities is approximately 50% of what was recommended in the NTEU submission which reflected the amount of \$480,000 as also recommended by DEST. In addition there has been no detail regarding the level of administrative support to be provided to the Council. The ITEPC in its submission to Crossroads recommended a secretariat be established to perform this function. This would require significantly more funds than what has been proposed if the Councils allocation is expected to resource this aspect also.

### **Recommendation 22**

**The Commonwealth ensure the allocation for the establishment of the Indigenous Higher Education Advisory Council will meet the operation expenditure needs of the Council;**

**The Commonwealth move to establish the Council with appropriate administrative support before the end of 2003 and subsequent to Commonwealth endorsement of the Council structure proposed by Indigenous Higher Education Representatives.**

### **Strategic Implementation (State & Federal)**

All states have Aboriginal Education Consultative Groups and networks, which provide advice to primary, secondary and TAFE institutions on Indigenous education. It is critical these Indigenous networks are further developed through the establishment of regional partnerships and increased Commonwealth funding. In recognition, the NTEU submission calls for the Commonwealth in conjunction with Ministerial Council Education Employment Training & Youth Affairs, to develop and implement this strategic approach across all Indigenous education sectors. The NTEU strategy is based on a recognition of the need to establish higher education agreements which engage Indigenous peoples directly in the decision making processes, funding, design, delivery and monitoring of Indigenous higher education programs and outcomes. The Minister did not provide any initiative in the package addressing this recommendation.

### **Recommendation 23**

**The Commonwealth provide specific funding and resources to strengthen the establishment and operations of local Indigenous education and advisory groups nationally to support the development of effective and appropriate Indigenous Education Policies and strategies.**

### **Commonwealth Learning Scholarships (CLS)**

This budget's taxation policy reforms mean financial assistance from any source, including scholarships, will now be counted by Centrelink as income and included in means testing calculations determining the amount of benefit entitlement.

### **Accommodation Scholarship (CAS)**

As a result of this budget's taxation policy reforms Indigenous student ABSTUDY payments may be reduced or lost if a student is awarded a CAS in the case where a living allowance is being paid. The amount of allowance under the CAS is insufficient to adequately offset the high costs of renting. Up to \$4,000 per year is available to students, which represents \$76.90 per week in a market where the average rent for modest accommodation is \$130 - \$180 per week with the additional cost of utilities such as gas, power and water. High relocation and accommodation costs have been identified as a significant deterrent to Indigenous students participating in Higher Education. Therefore any reduction to ABSTUDY benefits upon receipt of CAS will further impact negatively on Indigenous access to Higher Education. These scholarships must be exempted from Centrelink ABSTUDY means testing in order for Indigenous students to gain any benefit from the scholarships.

### **Education Costs Scholarship (CECS)**

Given the 30% across the board increase to fees and that Indigenous students have historically been marginalised in the distribution of scholarships by University's we believe these scholarships will do little to offset the increased financial burden brought to bear by this package on Indigenous University students.

### **Recommendation 24**

**The Senate recommends that the Commonwealth double the amounts available under these scholarships and to exempt income from these awards from Centrelink means testing for Youth Allowance, Abstudy or other relevant Centrelink allowances;**

**The Senate recommends that the Commonwealth put in place measures that ensure the equitable distribution of the Commonwealth learning scholarships to Indigenous students by universities.**

## Impact of CGS on Institutional Funding in 2005 (in 2003 prices)

| Institution                                   | II<br>Target<br>Student<br>Load<br>2003 | III<br>Comm<br>Cont<br>+ HECS<br>(no 2.5%)* | IV<br>Teaching<br>and<br>Nursing<br>(T&N)<br>Loading | V<br>Comm<br>Cont<br>+ HECS<br>less T&N<br>** | VI<br>Base<br>Operatin<br>g Grant<br>(BOG)<br>*** | Difference between<br>Comm Cont (v)<br>and<br>BOG (VI) |                              |
|---|---|---|--|---|---|--|------------------------------|
|   | EFTSU                                   | \$'000                                      | \$'000   | \$'000  | \$'000  | VII<br>Total<br>\$'000                                 | VIII<br>Per<br>student<br>\$ |
| Northern Territory<br>University              | 2570                                    | 27,934                                      | 376  | 27,557  | 32,781  | -5,224   | \$2,032.82                   |
| The University of New<br>England              | 7225                                    | 76,003                                      | 852  | 75,151  | 81,623  | -6,472   | -\$895.76                    |
| Victoria University of<br>Technology          | 9320                                    | 99,024                                      | 515  | 98,509  | 106,216   | -7,707   | -\$826.95                    |
| The University of New<br>South Wales          | 15870                                   | 189,347                                     | 158  | 189,190                                       | 201,988   | -12,798  | -\$806.45                    |
| The Australian National<br>University         | 5920                                    | 63,488                                      | 0  | 63,488  | 68,260  | -4,772   | -\$806.06                    |
| Murdoch University                            | 6045                                    | 69,094                                      | 298  | 68,796  | 73,004  | -4,208   | -\$696.08                    |
| Australian Catholic<br>University             | 6365                                    | 67,878                                      | 1,723  | 66,155  | 70,311  | -4,157   | -\$653.05                    |
| University of Western<br>Sydney               | 17820                                   | 191,275                                     | 1,982  | 189,294                                       | 200,248   | -10,954  | -\$614.72                    |
| Charles Sturt University                      | 9585                                    | 108,934                                     | 1,278  | 107,656                                       | 112,675   | -5,019   | -\$523.60                    |
| University of Wollongong                      | 7550                                    | 85,578                                      | 703  | 84,875  | 88,479  | -3,604   | -\$477.33                    |
| University of Ballarat                        | 3080                                    | 34,575                                      | 509  | 34,066  | 35,474  | -1,408   | -\$457.11                    |
| La Trobe University                           | 14090                                   | 157,162                                     | 695  | 156,466                                       | 162,710   | -6,244   | -\$443.14                    |
| Swinburne University of<br>Technology         | 5095                                    | 61,040                                      | 0  | 61,040  | 63,220  | -2,180   | -\$427.81                    |
| Central Queensland<br>University              | 6600                                    | 74,065                                      | 1,238  | 72,827  | 75,432  | -2,604   | -\$394.61                    |
| The University of Sydney                      | 21295                                   | 258,702                                     | 1,281  | 257,422                                       | 264,843   | -7,421   | -\$348.51                    |
| The Flinders University of<br>South Australia | 7150                                    | 82,581                                      | 776  | 81,805  | 84,147  | -2,342   | -\$327.61                    |
| Queensland University of<br>Technology        | 19145                                   | 211,594                                     | 2,557  | 209,036                                       | 215,046   | -6,010   | -\$313.90                    |
| Macquarie University                          | 9730                                    | 97,732                                      | 672  | 97,060  | 99,912  | -2,852   | -\$293.09                    |
| The University of Adelaide                    | 8725                                    | 109,473                                     | 6  | 109,467                                       | 111,732   | -2,265   | -\$259.56                    |
| University of Technology,<br>Sydney           | 12655                                   | 143,798                                     | 767  | 143,031                                       | 146,057   | -3,027   | -\$239.17                    |
| Griffith University                           | 15920                                   | 175,757                                     | 1,546  | 174,211                                       | 177,927   | -3,716   | -\$233.41                    |
| <b>AVERAGE</b>                                |   |   |  |   |   |  | <b>-\$221.33</b>             |
| Southern Cross University                     | 5195                                    | 55,037                                      | 522  | 54,516  | 55,474  | -958   | -\$184.49                    |
| University of Tasmania                        | 8500                                    | 96,109                                      | 916  | 95,193  | 96,697  | -1,504   | -\$176.89                    |
| The University of<br>Newcastle                | 11670                                   | 138,915                                     | 1,359  | 137,556                                       | 139,541   | -1,985   | -\$170.13                    |
| The University of<br>Melbourne                | 18470                                   | 226,443                                     | 657  | 225,786                                       | 228,506   | -2,720   | -\$147.28                    |

\* Commonwealth Contributions less the 2.5% loading for 2005 + the 2005 HECS equivalent rates.

\*\* Subtracted the value of Teaching and Nursing loadings based on undergraduate student target loads for 2002

\*\*\* Operating grant as published by DEST July 2003.

| Institution                                | II<br>Target<br>Student<br>Load<br>2003 | III<br>Comm<br>Cont<br>+ HECS<br>(no 2.5%) | IV<br>Teaching<br>and<br>Nursing<br>(T&N)<br>Loading | V<br>Comm<br>Cont<br>+ HECS<br>less T&N<br>** | VI<br>Base<br>Operatin<br>g Grant<br>(BOG)<br>*** | Difference between<br>Comm Cont (v)<br>and<br>BOG (VI) |                              |
|--|---|--|--|---|---|--|------------------------------|
|  | EFTSU                                   | \$'000                                     | \$'000   | \$'000  | \$'000  | VII<br>Total<br>\$'000                                 | VIII<br>Per<br>student<br>\$ |
| Deakin University                          | 13475                                   | 148,709                                    | 1,254  | 147,454                                       | 148,681   | -1,226   | -\$91.01                     |
| University of South<br>Australia           | 13920                                   | 156,632                                    | 1,653  | 154,979                                       | 155,572   | -593   | -\$42.63                     |
| The University of<br>Queensland            | 19305                                   | 241,745                                    | 342  | 241,403                                       | 239,402   | 2,001  | \$103.64                     |
| James Cook University                      | 7620                                    | 89,810                                     | 958  | 88,852  | 87,888  | 964  | \$126.45                     |
| University of Canberra                     | 5285                                    | 57,061                                     | 511  | 56,550  | 55,239  | 1,311  | \$248.06                     |
| Edith Cowan University                     | 11085                                   | 121,437                                    | 1,840  | 119,597                                       | 116,791   | 2,806  | \$253.09                     |
| Monash University                          | 21410                                   | 248,651                                    | 940  | 247,710                                       | 241,475   | 6,235  | \$291.22                     |
| Royal Melbourne<br>Institute of Technology | 13560                                   | 167,955                                    | 662  | 167,294                                       | 161,162   | 6,132  | \$452.19                     |
| University of Southern<br>Queensland       | 6970                                    | 78,214                                     | 1,078  | 77,136  | 73,875  | 3,261  | \$467.91                     |
| Curtin University of<br>Technology         | 12240                                   | 154,308                                    | 601  | 153,707                                       | 143,213   | 10,494   | \$857.34                     |
| The University of<br>Western Australia     | 9005                                    | 112,670                                    | 27   | 112,643                                       | 104,422   | 8,222  | \$913.02                     |
| University of the<br>Sunshine Coast        | 2085                                    | 25,118                                     | 0  | 25,118  | 23,073  | 2,045  | \$980.92                     |