National Tertiary Education Union (NTEU)

2019-2020 Pre-Budget Submission

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Overview and recommendations

The following provides a summary of the rationale and policy recommendations contained in the NTEU's 2019-20 Pre-Budget Submission.

Recent cuts to public investment in higher education

The funding and regulation of tertiary education has been subject to a higher degree of uncertainty and funding cuts.

Recommendations

The NTEU is calling on the government to:

i) develop a consistent and coherent funding and regulatory framework covering both higher education and vocational education and training (VET); and

ii) establish an independent authority or commission with funding and regulatory responsibilities.

Public investment in higher education (HE)

In Australia, when compared to other members of the Organisation for Economic Cooperation and Development (OECD):

- the level of public investment in tertiary education is low in both absolute and relative terms;
- the level of private investment (predominantly student fees) is high in both absolute and relative terms;
- changes to policies since 2011 have seen billions of dollars of public investment slashed from higher education;
- the current 'funding freeze' and ongoing arrangements applied to funding for Commonwealth supported student places will further slash public investment

These changes will result in either a significant reduction in funding per student and/or an increase in levels of unmet demand.

Recommendations

The NTEU is calling on the government to:

i) abandon the freeze on university funding and restore funding based on the number of students enrolled;

ii) reinstate indexation of university grants based through the restoration of the Higher Education Grants Index which, in addition to CPI, also included increases in professional and technical salaries;

iii) increase total public investment in higher education to at least the OECD average of 1% of GDP;

iv) increase the real level of total funding per government supported student by at least 10%.

Public investment in vocational education and training (VET)

VET is in crisis. The removal in 2012 of the requirement that in order for students to be eligible for VET-FEE-HELP loans they had to be enrolled in a course that had credit transfer arrangements with a university was largely responsible for:

- a spectacular increase in the number of students with VET-FEE-HELP loans and level of debt;
- significant cuts in public investment in VET;
- significant increases in tuition fees for VET qualifications;
- a very rapid rise in the proportion of public funding going to private non-TAFE providers.

Recommendations

The NTEU is calling on the federal government to work with State/Territory governments to:

i) work toward a coherent and consistent regulatory and funding framework covering both HE and VET;

ii) to restore the level of real public funding per student hour to pre-2012 levels;

iii) severely restrict access to direct public subsidies (as opposed to indirect support via student loans) for non-TAFE providers to identified courses skills shortage.

Student fees and debt

Australian students attending a public university pay amongst the highest tuition fees of all OECD economies, as evidenced by:

- the average student contribution toward the cost of a government-supported university place which has doubled in real terms (from 20% to 40%) since the introduction of HELP in 1989;
- the level of total outstanding help debt HELP now exceeds $50billion;
- average HELP debt has more than doubled over the last decade.

The government's solution has been to force students to repay their debt faster by lowering the level of income at which they must commence repaying their HELP debts.

Recommendations

The NTEU:

i) believes that the most effective way of reducing the mounting HELP burden is to reduce tuition fees for government supported places, and as such is calling on the government to eventually eliminate tuition fees for government-supported places;

ii) in the interim, is calling on the government to increase the income threshold for HELP repayments to at least average full time earnings in the order of $80,000 per annum.

Public investment in research and development

Comparative international data shows that compared to other OECD countries, Australia:

- as measured as a share of GDP has a poor and declining record in terms of gross expenditure on research and development (GERD);
- higher education makes an above average contribution to R&D while business is well below average.

Domestic data shows that the level of public investment in higher education R&D:

- overall declined by 7% between 2014 and 2016;

- the decline in competitive research grants was even more severe falling by 15%, meaning a shift in emphasis away from competitive grants to more targeted research projects;
- in our universities there has been a significant shift in expenditure away from basic and strategic research toward applied and experimental research;
- with success rates of only about 20%, there are enormous opportunity costs associated with applying for competitive grants.

The level of intervention in the capacity of university researchers to choose what and how they research was exposed when it was revealed that the previous Minister for Education, Simon Birmingham, vetoed 11 research projects recommended by the Australian Research Council (ARC).

Recommendations

The NTEU is calling on the government to:

i) increase total investment in R&D to at least the OECD average of 2.5% of GDP;
ii) reverse the cuts to competitive research grants and the freeze to research block grants;
iii) provide researchers with greater discretion to exercise academic freedom;
iv) change the legislation to remove Ministers power of veto over ARC grants;
v) introduce the changes to competitive research grants applications process recommended by a recent House of Representatives report into research funding; and
vi) recognise that best way to encourage co-operation between business and universities is not through changing the allocation of research grants but to use R&D tax incentives or establishment of public backed venture capital fund for collaborative research.

Insecure employment in Australian

The latest staffing data and research shows that on a full time equivalent (FTE) basis:

- less than half of university FTE jobs are secure ongoing (tenurial) positions;
- the number of FTE specialist, teaching-only and research-only positions are now higher than the number of traditional ‘teaching and research’ academics;
- more than half of all teaching at our universities is delivered by casual staff;
- eight of ten teaching-only academic FTE are casual positions and eight of ten research-only academic FTE are on limited term contracts;
- the reluctance of universities to offer tenured jobs is making academia an increasingly unattractive proposition.

Recommendation

The NTEU is calling on the government to provide financial incentives to encourage universities to reduce their reliance on casual and limited term staff.

NTEU 2019-20 Budget Submission

Introduction

Expenditure on higher education and research is an investment in future economic, social and cultural prosperity. There is an overwhelming volume of research and literature[1] that shows individuals, businesses, governments, regions and society in general all benefit from this investment. Individuals benefit from higher earnings. Businesses benefit from a more productive workforce and from opportunities flowing from university research. Regions benefits from employment and economic activity generated by the presence of a university campus. Governments benefit from increased taxation revenue which significantly outweighs any additional expenditure. Society in general derives economic (substantial export income, higher economic growth and lower unemployment) and social (better health, lower crime, international connections and greater awareness and participation in social/political issues) benefits. In colloquial terms - public investment in higher education is a 'no-brainer'.

However, rather than treating public expenditure on higher education and research as a foolproof investment opportunity, recent Australian governments of both political persuasions have used higher education as something from which to extract major budgetary savings.

Recent cuts to public investment in higher education

Since 2011-12, our universities and their students have already contributed almost $10 billion of savings to the federal budget, with the 'hit list' of higher education funding cuts including:

- $2.2billion saving from funding freeze
- $1.4billion from converting Student Start-up Scholarship to loans;
- $698million from abolishing performance funding for universities;
- $648million in cuts to the Sustainable Research Excellence (SRE) scheme;
- $298million from abolishing the Capital Development Pool (CDP);
- $90.7million in to the Higher Education Participation and Partnerships Program (HEPP);
- $328m from growth adjustments/freezing of research block grants;
- $35m from cost recovery from providers in relation to cost of the Higher Education Loans Program (HELP) and the Tertiary Education Quality and Standards Agency (TEQSA); and
- $3.7 billion for university infrastructure in the Education Investment Fund (EIF) re-purposed to National Disability Insurance Scheme (NDIS).
  [Source: Universities Australia The Facts on University Funding and 2018-19 and 2019-20 Budget and MYEFO papers].

While these cuts have been offset by some increases in expenditure, including additional places and increased income support for regional campuses and students, and a guarantee to continue funding the National Collaborative Research Infrastructure Scheme (NCRIS) these are minor when compared to scale of the cuts outlined above.

[1] *For a an overview see Jean-Paul Addie (11 August 2017) Seven ways universities benefit society (https://theconversation.com/seven-ways-universities-benefit-society-81072)*

The NTEU would contend that if Australia is to remain an internationally competitive and prosperous country, it is imperative that this decline in public investment must be halted and reversed as a matter of urgency.

Recommendations

The NTEU remains concerned that tertiary education will continue to be subject to policy uncertainty and opportunistic funding cuts until major structural changes are made to the way the sector is regulated and funded. These changes should include:

- developing a consistent and coherent funding and regulatory framework covering both higher education and vocational education and training (VET);
- the establishment of independent authority or commission with funding and regulatory responsibilities.

A more detailed proposal for a sustainable funding framework for higher education, but which could also be applied to VET is outlined in the NTEU's *2015 Federal Budget Submission: Towards a sustainable policy framework for Australian higher education* (http://www.nteu.org.au/library/view/id/5939).

Public investment in higher education

The level of public investment in tertiary education in Australia is very low by international standards, especially when compared to other OECD countries. According to the latest OECD data (see Figure 1) the level of public investment in tertiary education in Australia at 0.8% of GDP is well below OECD and European Union averages of about 1.0 % of GDP and amongst the lowest of all reported OECD countries.

While the total level of investment in tertiary education is above these averages, this is only because the proportion of total investment from private sources in Australia, currently at 65%, is amongst the highest of all OECD countries and twice the OECD average (34%). This is result of the fact that Australian students pay amongst highest fees in the world to attend a public university, as shown in Figure 2.

Figure 1

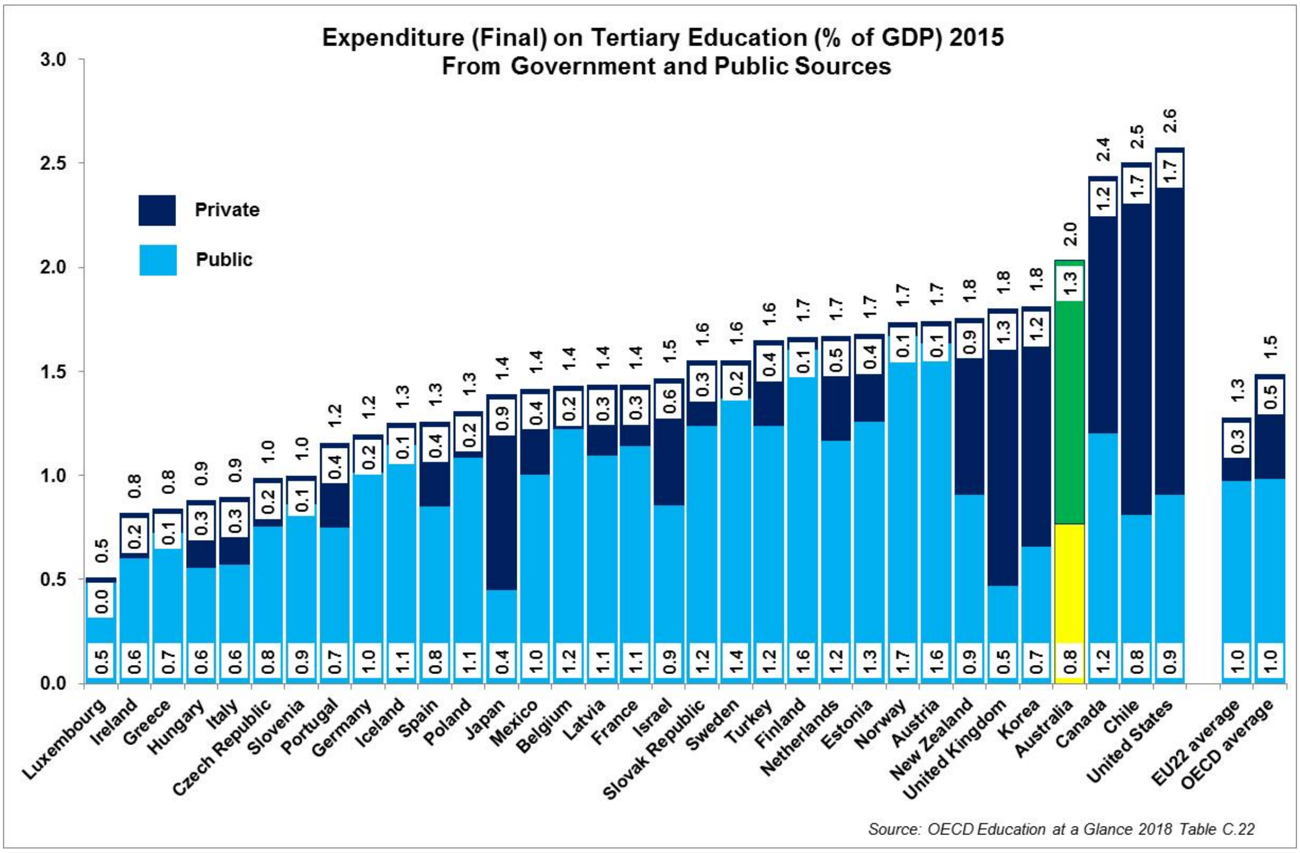
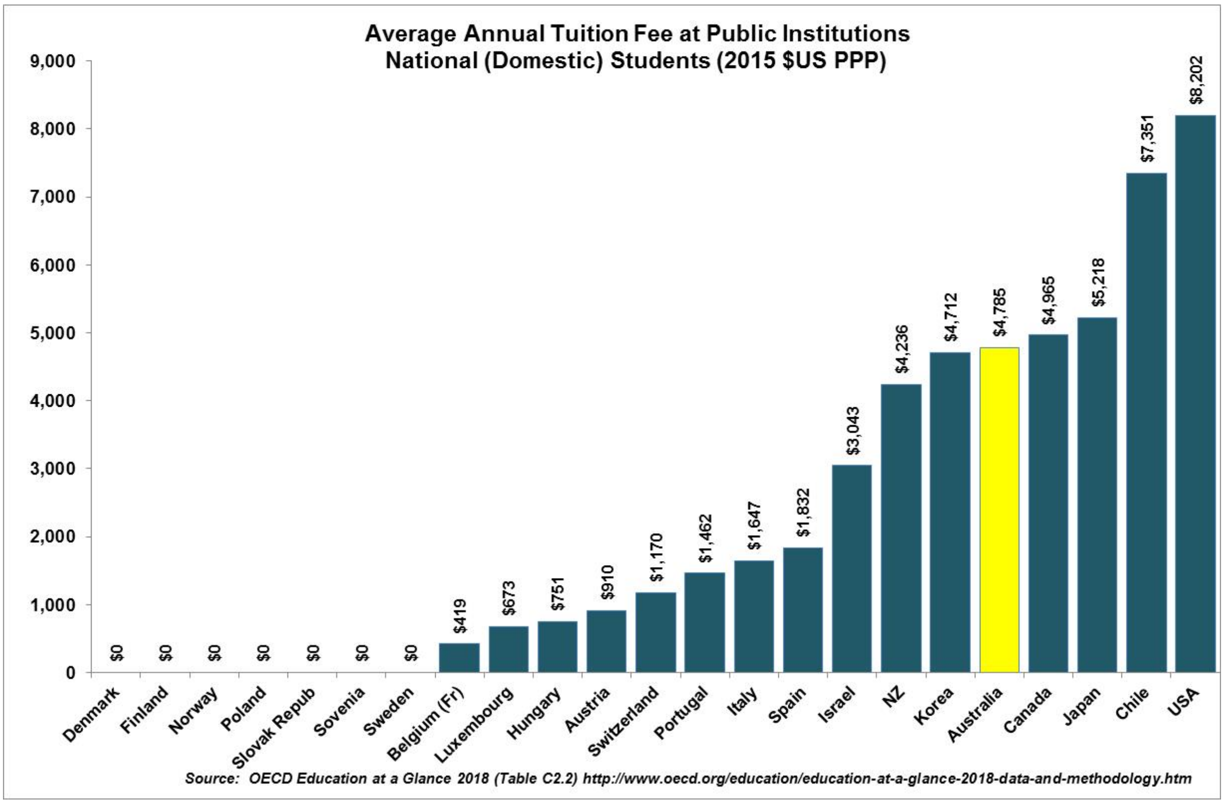


Figure 2



Current Funding freeze

Despite the fact that Australia has amongst the lowest levels of public investment and highest fees in the world, the Abbott-Turnbull-Morrison coalition government is determined to slash this level of public investment even further.

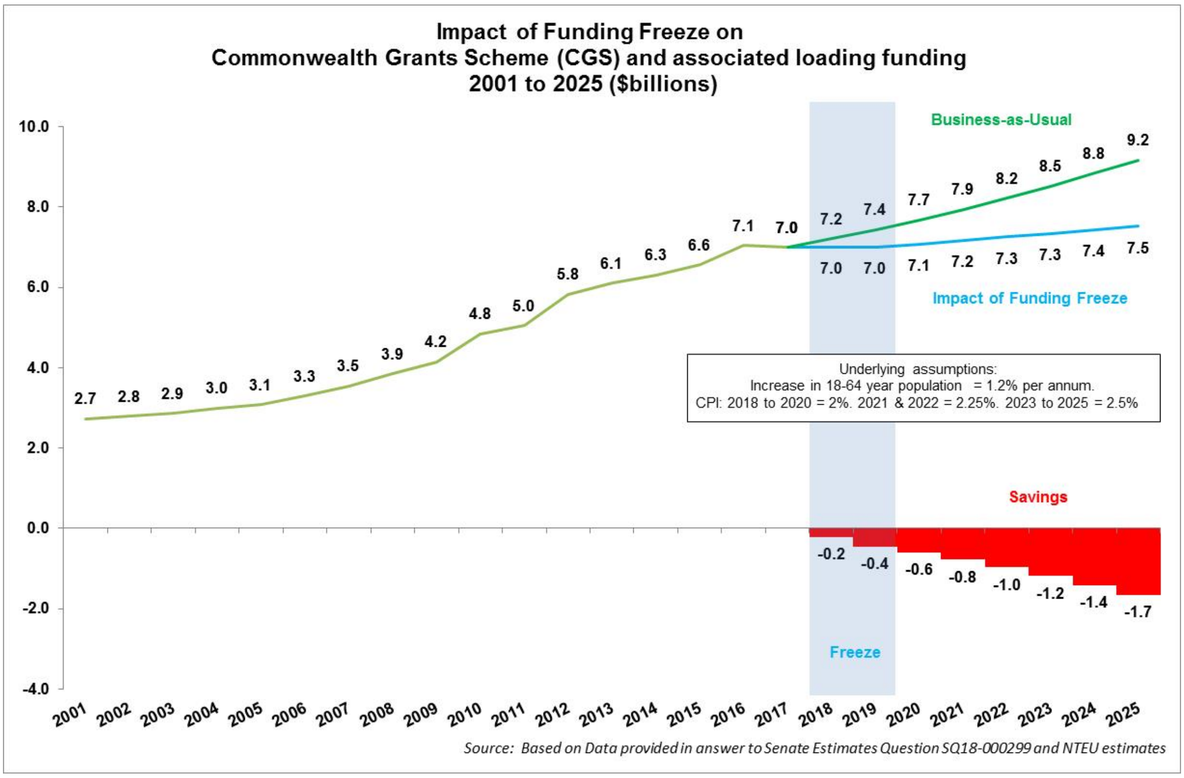
After three failed attempts to get legislation through the Senate which would have cut public investment and increased student contributions, the government exercised a provision in the Higher Education Support Act (HESA) 2003 which allows it to freeze the level of basic grant (essentially Commonwealth Grants Scheme (CGS) and associated loadings funding for Commonwealth supported students) that each university receives. This provision was introduced into the legislation as safety valve. It was intended, as it has been by this government, to be used as way of totally dismantling the demand driven funding model to fund Commonwealth supported places at our universities.

In its 2017-18 Mid-Year Fiscal and Economic Outlook (MYEFO) released in December 2017 the government announced that it would:

- freeze the level of funding that each university receives to support Commonwealth supported places (CSPs) in 2018 and 2019 at 2017 levels; and
- increase the total level of funding to support CSPs from 2020 and beyond at a rate equivalent to the increase in the 18-64 age population. This additional funding will be distributed on the basis of yet to be determined performance criteria, not student load.

As noted above, the government has abandoned the demand driven system and funding is no longer directly tied to the number of governemnt supported students enrolled. While the level of funding is frozen at 2017 levels, there is no cap on the number of CSPs each university can enrol.

Figure 3



While the freeze is applied to 2018 and 2019, the data in Figure 3 also shows its effect in tying future funding to increases in 18-64 year old population from 2020 and beyond. The result is an ongoing and profound impact on the total level of funding for CSPs compared to what would have been the case had business as usual (the demand driven model) been maintained.[2] According to government estimates and the data in Figure 3, the loss in total funding over the four year forward estimates (to 2021) amounts to about $2billion, however as Figure 3 also shows, the gap in funding between business as usual and the freeze continues to grow beyond those years. This is because the government's policy makes no provision for indexation of university grants to allow for increasing costs. University grants are currently indexed to the Consumer Price Index (CPI).

The funding freeze represents a very real and significant cut to the level of public investment in our universities, which will have very real consequences on our universities, their staff and students.

Previous NTEU analysis[3] shows the real impact of the funding freeze depends on how each university responds in relation to the number of Commonwealth supported students it is prepared to enrol. In summary, the analysis shows that a university could chose to:

- continue to increase CSP enrolments in line with population growth but as consequence suffer from a significant reduction in real funding per CSP, or
- restrict CSP enrolments to maintain the real level of funding per CSP which would result in a substantial level of unmet demand amongst prospective students, or

[2] *Funding freeze assumes funding increases at increase in 18-64 population. Business-as-usual assumes funding increases by increase in 18-64 population plus CPI.*
[3] NTEU 2018-19 Budget Review (http://www.nteu.org.au/library/view/id/8741)

- a combination of both these strategies which would result in both lower funding and some unmet demand.

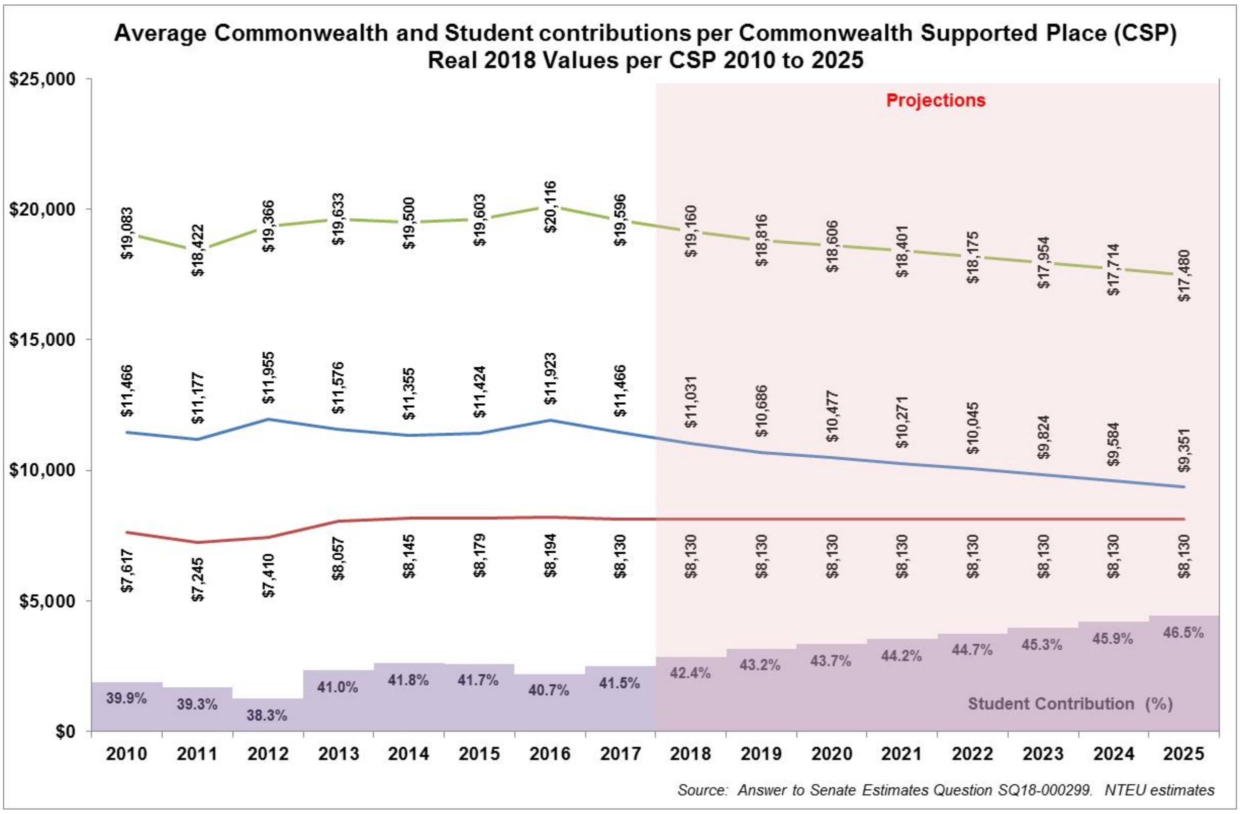
Table 1 below shows that the total level of funding a university receives for each CSP is made up of a Commonwealth and student contributions. The total level of resourcing is based on discipline clusters and in 2017 varied from $12,158 per CSP in humanities to $33,405 per CSP in medicine, dentistry and veterinary science. Student contributions fall into one of three bands ($6,349, $9,050 or $10,596). To illustrate the effect of the banding, someone enrolling in a three year humanities degree in 2017 would be up for more than $19,000 in tuition fees, a four year engineering degree in excess of $36,00 in tuition fees and a five year law or medical degree $53,000 in tuition fees.

Table 1

Cluster		Funding per CSP 2017			
		Student Contribution	Commonwealth Contribution	Total	Student %
1	Law/Acc/Bus	$10,596	$2,089	$12,685	83.5%
2	Humanities	$6,349	$5,809	$12,158	52.2%
3a	Beh Sci/Soc Stud	$9,050	$10,278	$19,328	46.8%
3b	Education	$6,349	$10,278	$16,627	38.2%
4	Psych/Lang/Arts	$6,349	$10,695	$17,044	37.3%
5a	Math/Stat/IT	$6,349	$12,641	$18,990	33.4%
5b	Nursing	$9,050	$12,641	$21,691	41.7%
6	Allied Hlth	$6,349	$14,113	$20,462	31.0%
7	Eng/Sci/Surv	$9,050	$17,971	$27,021	33.5%
8a	Agriculture	$10,596	$22,809	$33,405	31.7%
8b	Med/Dent/Vet Sci	$9,050	$22,809	$31,859	28.4%
	Average (rounded)	$8,100	$11,500	$19,600	41.3%

While the government has frozen its total level of funding for Commonwealth Supported Places (CSPs) the contributions made by students has not been affected by the government's decisions. Therefore while the level of funding a university receives from the government is frozen at 2017 levels, the value of student contributions will continue to be indexed to the CPI. Figure 4 shows, in real 2018 dollar value terms, what impact the funding freeze might have on the value of Commonwealth, student and total funding per CSP for the period 2010 to 2025.

Figure 4



Based on the assumption that CSP enrolments grow at the same rate as the 18-64 year old population (1.2% per annum), Figure 4 shows that between 2017 and 2025 in real 2018 dollar value terms:

- the average Commonwealth contribution per CSP would fall from $11,466 to $9,351, a real reduction of $2,115 or 18.4%.
- the average student contribution be CSP remains constant at $8,130 in 2018 values.
- the average total funding per CSP falls from $19,596 to $17,480 a real reduction of $2,115 per CSP or 10.8%.

As a consequence of the funding freeze, the average contribution students make to their education increases from 41.5% to 46.5%. The policy has not only delivered very significant budgetary savings to the government, but, by stealth, it also shifts the relative cost of higher education away from the Commonwealth and onto students. However, as Figure 4 shows clearly, this is achieved by squeezing the total level of real funding universities receive to educate CSPs.

The NTEU contends that this real reduction in real resourcing per CSP is unsustainable. In 2011 the Higher Education Base Funding (Lomax-Smith) Review found the level of funding for CSPs was inadequate to support universities in the delivery of globally competitive teaching and learning, scholarship and base capability in research and recommended that:

Recommendation 2: The need for more investment
The average level of base funding per place be increased to improve the quality of higher education teaching and maximise the sector's potential to contribute to national productivity and economic growth.

Figure 4 shows that since 2011 the real level of funding per CSP has not increased and the anticipated real reduction in funding as result of funding freeze will be accommodated either by a reduction in the volume or quality of education delivered to students or through increased workloads on already overworked staff. As discussed above, the only way that universities could avoid a real reduction in funding per students would to reduce their level of CSP enrolments, which would result in the emergence of a significant degree of unmet demand.

Recommendations

The NTEU is calling on the government to:

i) abandon the freeze on university funding and restore funding based on the number of students enrolled;

ii) reinstate indexation of university grants based through the restoration of the Higher Education Grants Index which, in addition to CPI, also included increases in professional and technical salaries;

iii) increase total public investment in higher education to at least the OECD average of 1% of GDP;

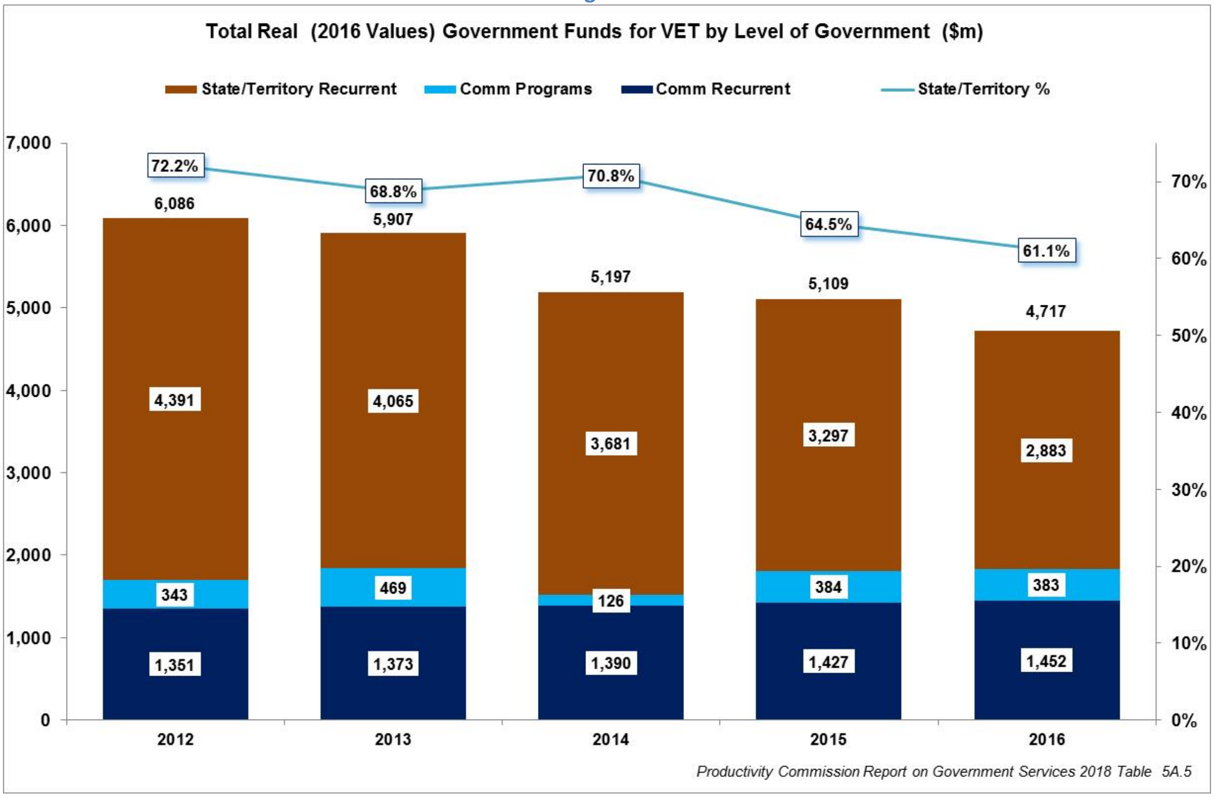
iv) increase the real level of total funding per government supported student by at least 10%.

Public investment in vocational education and training

The Productivity Commission's Report of Government Services (RoGS) 2018 Chapter 5 covers vocational education and training. Figure 5 shows the latest RoGS data on real (2016 values) government funding for VET broken down by level of government from 2012 to 2016. The data shows the level of total government funding was slashed from $6.1billion in 2012 to $4.7billion in 2016 – a real decline of $1.4billion or 22%.

While the data in Figure 4 shows that all of the decline in public funding is result of cuts to State/Territory funding, it must be kept in mind that this was largely facilitated by the expansion of VET-FEE-HELP in 2012. VET-FEE-HELP was expanded by removing the requirement that an RTO had to have credit transfer arrangements with a university in order for its students to be eligible for loans. According to a Department of Education and Training Discussion Paper titled *Redesigning VET FEE HELP* released in June 2016, the expansion in VET FFE HELP following these changes was spectacular. The number of students accessing loans increased from about 50,000 in 2012 to over 270,000 in 2015 and the value of VET-FEE-HELP loans increasing from $325m to $2.9billion over the same three year period. Importantly, the 2012 changes allowed State/Territory governments to cut public investment in VET and shift the cost onto students and their families. The average cost of courses increased with average tuition fees almost trebling from $5,917 in 2012 to $14,018 in 2015.

Figure 5



According to the RoGS the average real (2016 values) recurrent public expenditure per hour of delivery for all Australian States/Territories fell from $16.92 per hour in 2009 to $15.29 per hour in 2016 – a real cut of almost 10% per hour. At the same time the proportion of public funding going to non-TAFE providers expanded from 9.5% of all funding 2009 to 22.6% in 2015.

In summary, the expansion VET FEE HELP in 2012 led to a massive cut in the level of public investment in VET, a significant increase in tuition fees (and student debt) and major shifting in funding away from public TAFEs to private providers. The scheme failed students, employers and local communities who saw TAFEs severely compromised and open to rampant exploitation by unscrupulous for-profit providers. It proved to be such a massive failure that the government felt it had no alternative but to close the scheme down.

Regulation and funding of tertiary education

The rorting of the VET-FEE-HELP scheme by some private for-profit providers has been well documented. It eventually led to the demise of the scheme and its replacement with the VET Loans scheme, which has far more rigorous eligibility requirements but also created a flow on effect with a sudden spike of providers seeking registration as higher education providers through the TEQSA. This is an example of providers engaging in regulatory shopping and is one the reasons the NTEU is supporting the development of a consistent and coherent funding and regulatory framework covering both VET and higher education.

Recommendations

The NTEU is calling on the federal government to work with State/Territory governments to:

i) work toward a coherent and consistent regulatory and funding framework covering both HE and VET;

ii) to restore the level of real public funding per student hour to pre-2012 levels;

iii) severely restrict access to direct public subsidies (as opposed to indirect support via student loans) for non-TAFE providers to identified courses skills shortage.

Student fees and debt

To ensure that the re-introduction of tuition fees did not prevent any students from being able to afford to go to university, the Dawkins reforms of 1989 also introduced the Higher Education Contribution Scheme (HECS). HECS, which was extended to cover more than exclusively CSPs eventually morphed into the Higher Education Loans Program – or HELP. HELP is an income contingent loans scheme operated by the Commonwealth where students can borrow funds from the government to cover their contributions or tuition fees for eligible courses. The loans are repaid when the student's income reaches a specified level, which was recently reduced to about $45,000 per year.

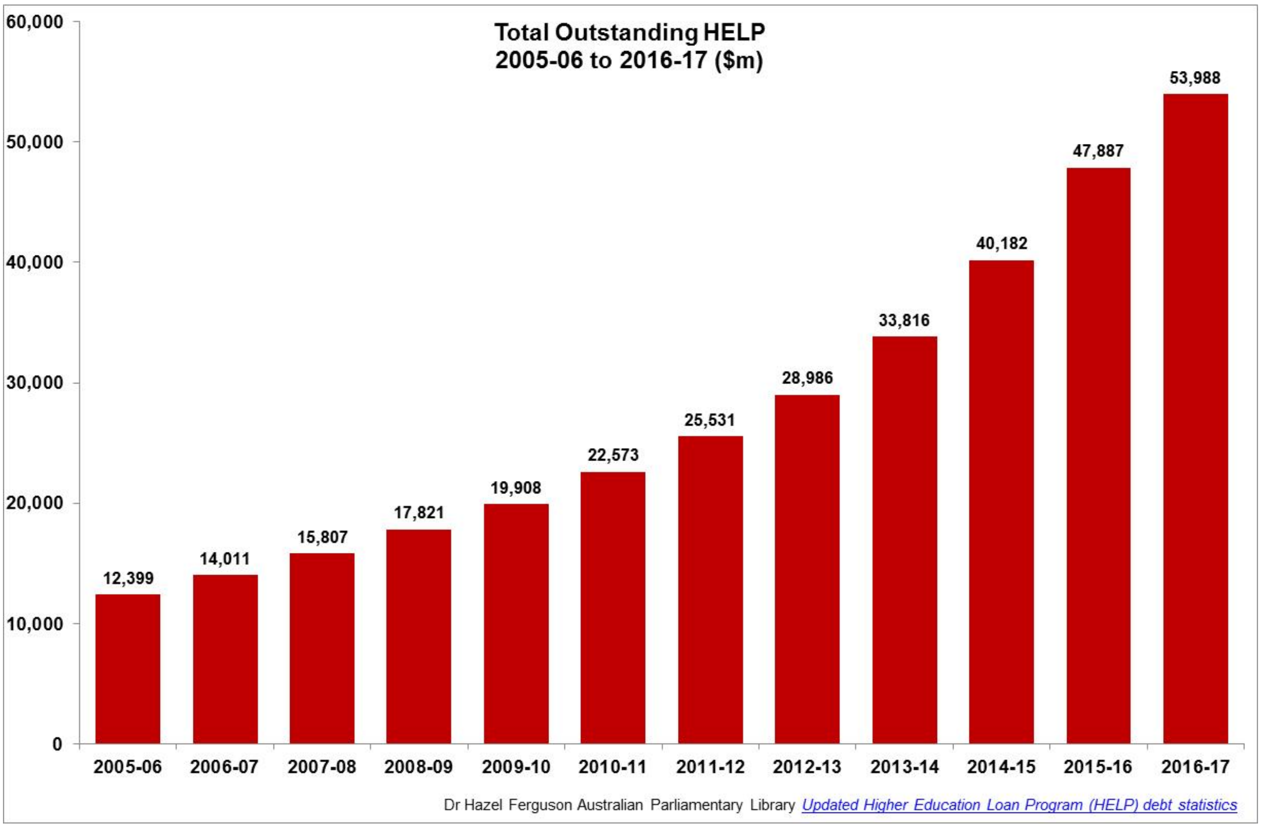
Figure 6 shows the value of outstanding HELP debt over the period 2005-6 to 2016-17, and that in 2016-17 this was estimated be the order of $55billion. To put this in perspective, this is about the same level of Australia's existing credit card debt of about $52billion[4]. More importantly Figure 6 shows how rapidly HELP debt has risen in recent years, increasing more than four-fold from $12billion only about a decade ago. In 2016, before the latest changes to income threshold levels and replacement of VET FEE HELP with the more rigorous VET Student Loans Scheme, a Parliamentary Budget Office (PBO) report into HELP (Report 02/2016) estimated that the total level of outstanding HELP debt would increase to more than $185billion by 2025-26.

Data published by the Parliamentary library also shows that the number of people with HELP debts had increased significantly, from some 1.2million in 2005-06 to over 2.7million in 2016-17. Perhaps most importantly however is the data that shows that the average HELP debt per person almost doubled in this period from $10,437 in 2005-16 to $20,304 in 2016-17.

The increasing level of total student debt is function of numerous factors including the rapid expansion of students accessing the schemes as well decision to increase student contribution amounts (tuition fees) for Commonwealth supported students over the years, including the introduction of three tiers in 1996 under Amanda Vanstone and allowing universities to increase fees by 25% under Brendon Nelson in 2005 (see Figure 7). These decisions doubled the average student contribution from around 20% in 1989 to about 40% in 2017.

[4] Misa Han (15 January 2019) *Buyers dump credit cards for Afterpay,* Australian Financial Review.

Figure 6



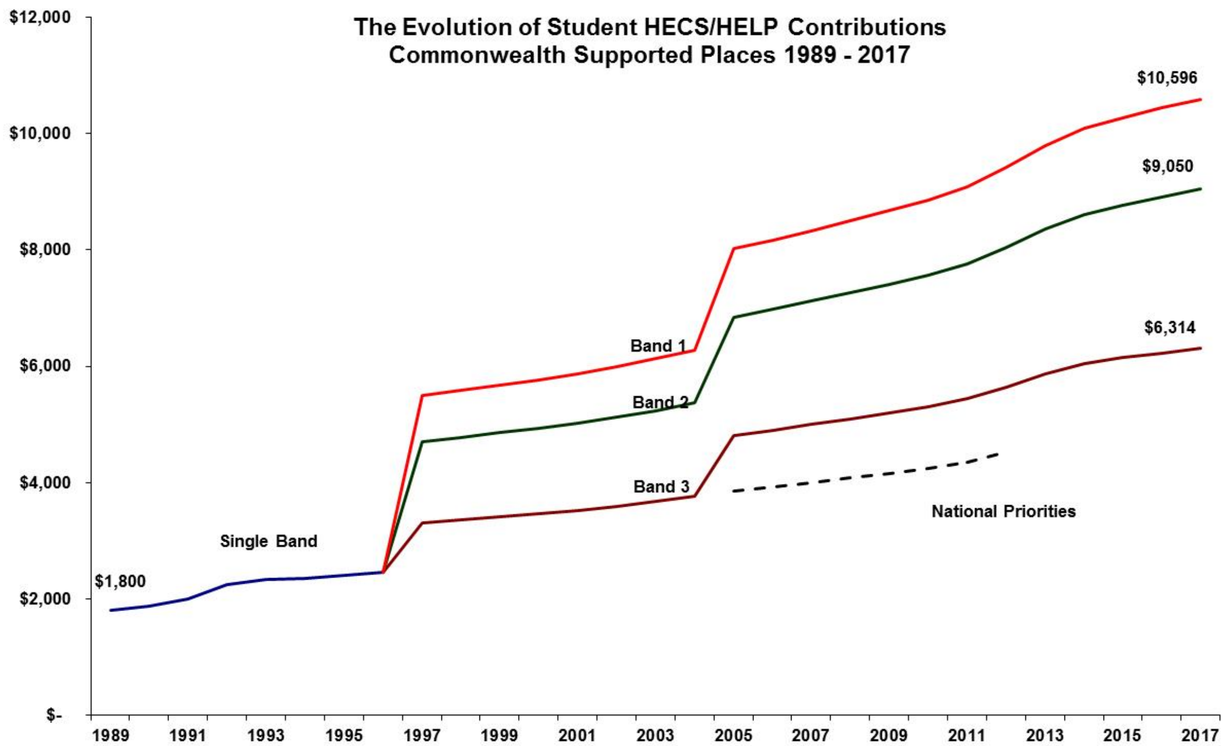
There is no doubt the government is concerned about rising levels of outstanding HELP debt and the subsidised interest and bad debt costs associated with it. The government's response has been try to increase the proportion and rate at which HELP debts are repaid with the latest changes:

- lowering the income threshold at which students commence repaying their debts from about $55,000 to $45,000, and
- capping lifetime individual total borrowing to about $100,000.

The NTEU was strongly opposed to these changes which we believe undermine the original intent of the income contingent loans, which was to ensure that students would only be required to repay the cost of their university education if they received a private benefit from that education. To argue that anyone earning $45,000 per year is benefitting from a university education when average full time earning are closer to $80,000 is absurd.

Ultimately however, the best way to get HELP debt under control would be eliminate tuition fees for CSPs.

Figure 7



Recommendations

The NTEU:

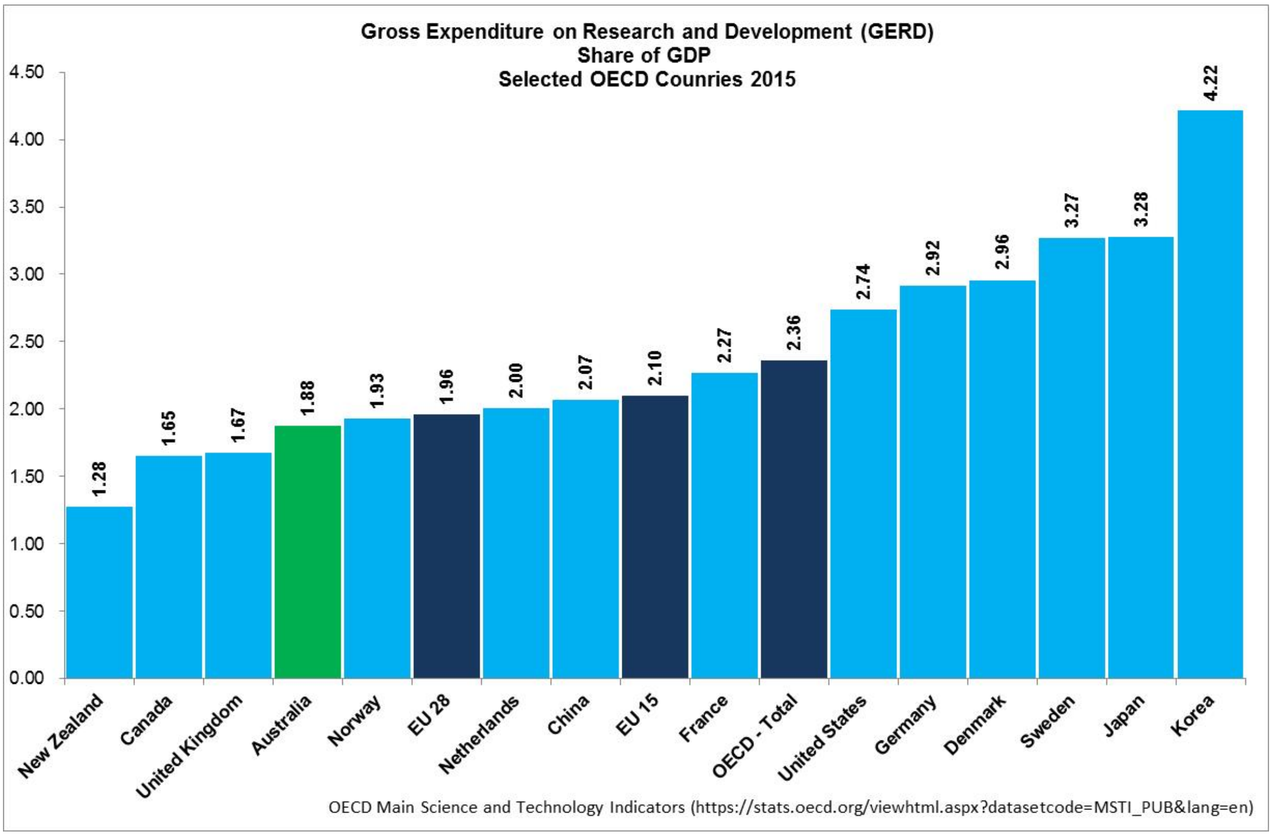
i) believes that the most effective way of reducing the mounting HELP burden is to reduce tuition fees for government supported places, and as such is calling on the government to eventually eliminate tuition fees for government-supported places;

ii) in the interim, is calling on the government to increase the income threshold for HELP repayments to at least average full time earnings in the order of $80,000 per annum.

Public investment in research

According to the latest OECD data, Australia's gross expenditure on research and development (GERD) was 1.88% of GDP in 2015 which, as shown in Figure 8, was well below OECD and European averages of 2.36% and 1.96% respectively. By contrast, in 2015, the level higher education research and development (HERD) activity in Australia was equivalent to 0.58% of GDP compared to OECD and European averages of 0.48% and 0.41%. In 2015 higher education accounted for 30.6% of total R&D compared to OECD average of 17.5%. Business R&D in Australia on the other hand lags well behind the OECD average (1.6% of GDP) at only 1% of GDP. In other words, due to the poor performance of Australia's business sector, we are far more reliant on higher education sector research and development than our OECD counterparts.

Figure 8

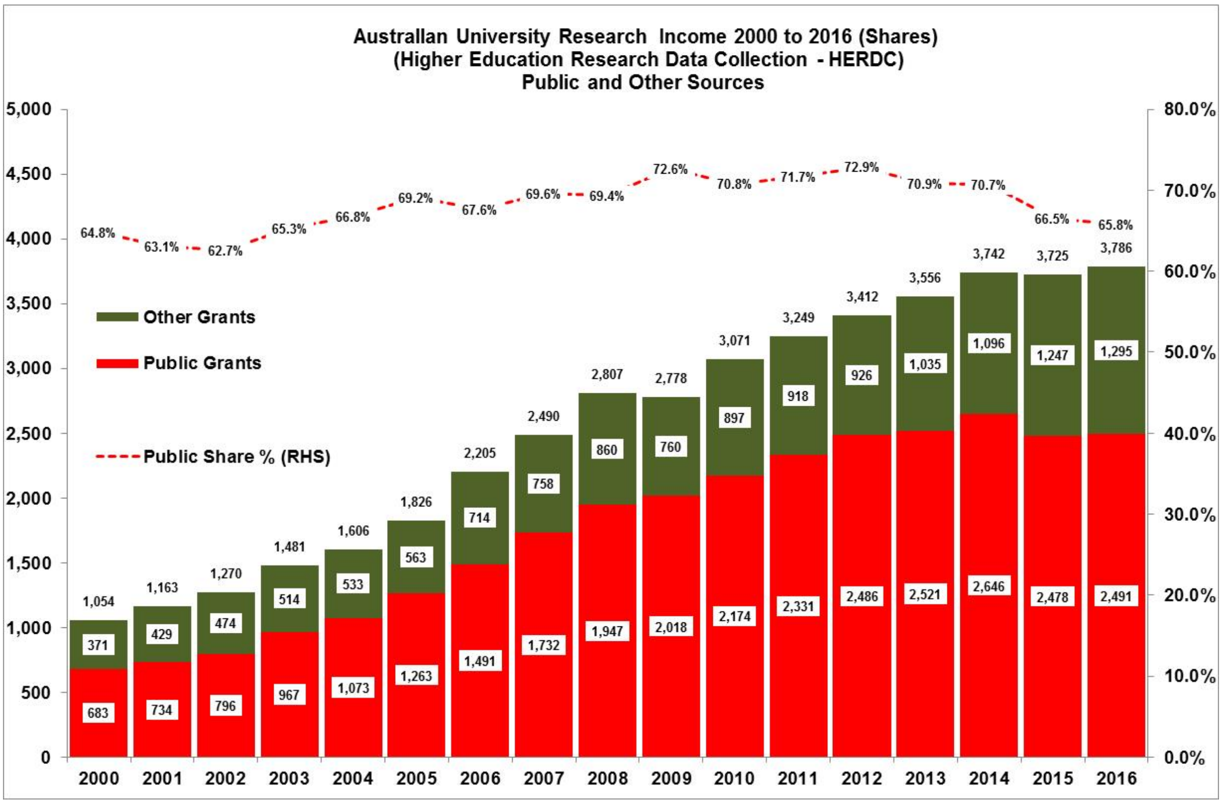


Public investment in higher education research

Despite Australia's reliance on the higher sector for R&D activities the level of public invest in higher education research, as shown in Figure 9 has declined in recent years, falling from $2.65billion in 2014 to $2.46billion in 2016 – a decrease of about 7%. The cut in public investment in higher education research was more than accounted for by the decline in Commonwealth competitive research grants (primarily Australian Research Council (ARC) and National Health and Medical Research Council (NHMRC) grants) which fell from $1.64billion and $1.39billion - a drop of about 15%.

In addition to declining level of public investment in higher education research, a more detailed analysis of higher education research funding contained in the NTEU submission to the House of Representatives Inquiry into funding of Australian research (submissions 93 and 93.1) showed that there had been a shift in the composition of public research funding away from competitive grants toward more targeted projects/grants. This shift in funding is reflected in the decline in the share of university research expenditure on basic and strategic research toward applied and experimental research with a greater commercial focus.

Figure 9



Political interference in grant allocations

In addition to cutting public funding for university research the government has shown that it is also prepared to directly intervene in the allocation of competitive research grants .The revelation in October 2018 at Senate Estimates hearing that the former Minister for Education and Training, Senator Simon Birmingham, directly interfered in competitive research grants process and rejected eleven research grants worth in excess of $4m recommended by the Australian Research Council (ARC) is totally unacceptable because it not only trampled all over the concept of academic freedom but also undermined the integrity of Australia's peer reviewed competitive research grants.

Latest cuts to research funding

Despite these cuts in research funding, the government announced in its 2019-20 Mid-Year Economic and Fiscal (MYEFO) statement released on 17 December 2018 that it would freeze university research block grants, which is estimated to save the Budget $197.4m over the forward estimates. This is in addition to the $131.4m in saving on research grants already announced in the May Budget.

In other words, since May 2018, the Turnbull-Morrison government has slashed research block grants by more than $328m over four years.

University - business collaborative research

While the government clearly intends to shift the focus of research undertaken by our universities toward more business or commercially oriented research via greater collaboration between universities and business, it is curious that the latest changes the R&D tax concessions did not provide an additional incentive for such collaborative projects. Therefore, rather than adopting the current approach which seems to be diverting a shrinking pool of higher education research funds to prop-up business R&D, the NTEU would support changes that provide financial incentives to business to engage in collaborative research. This might include re-visiting the idea of using targeted R&D tax incentives or considering the establishment of a government backed venture capital fund similar to the Australian Renewable Energy Agency's (ARENA's) Renewable Energy Venture Capital Fund.

Opportunity cost of applying for research grants

In our submission to the House of Representatives Standing Committee on Employment, Education and Training, chaired by Andrew Laming, the NTEU emphasised the very high opportunity cost faced by university researchers in applying competitive research grants which typically have success rates of about one in five. We noted that this had high opportunity costs for researchers, especially where universities insisted they apply for these grants.

The Committee acknowledged these high costs and its final report, titled *Australian Government Funding Arrangements for non-NHMRC research* released in *N*ovember 2018 identifies ways to simplify research funding application and assessment processes especially as it relates to university researchers, including the introduction of single on-line applications process for all Commonwealth grants and the introduction of a two stage grant application process. The NTEU supports these recommendations and urges the government to adopt them.

Recommendations

The NTEU is calling on the government to:

- i) increase total public investment in R&D to at least the OECD average of 2.5% of GDP;
- ii) reverse the cuts to competitive research grants and the freeze to research block grants;
- iii) provide researchers with greater discretion to exercise academic freedom;
- iv) change the legislation to remove Ministers power of veto over ARC grants;
- v) introduce the changes to competitive research grants applications process recommended by a recent House of Representatives report into research funding;
- vi) encourage co-operation between business and universities through the use R&D tax incentives or establishment of public backed venture capital fund for collaborative research projects.

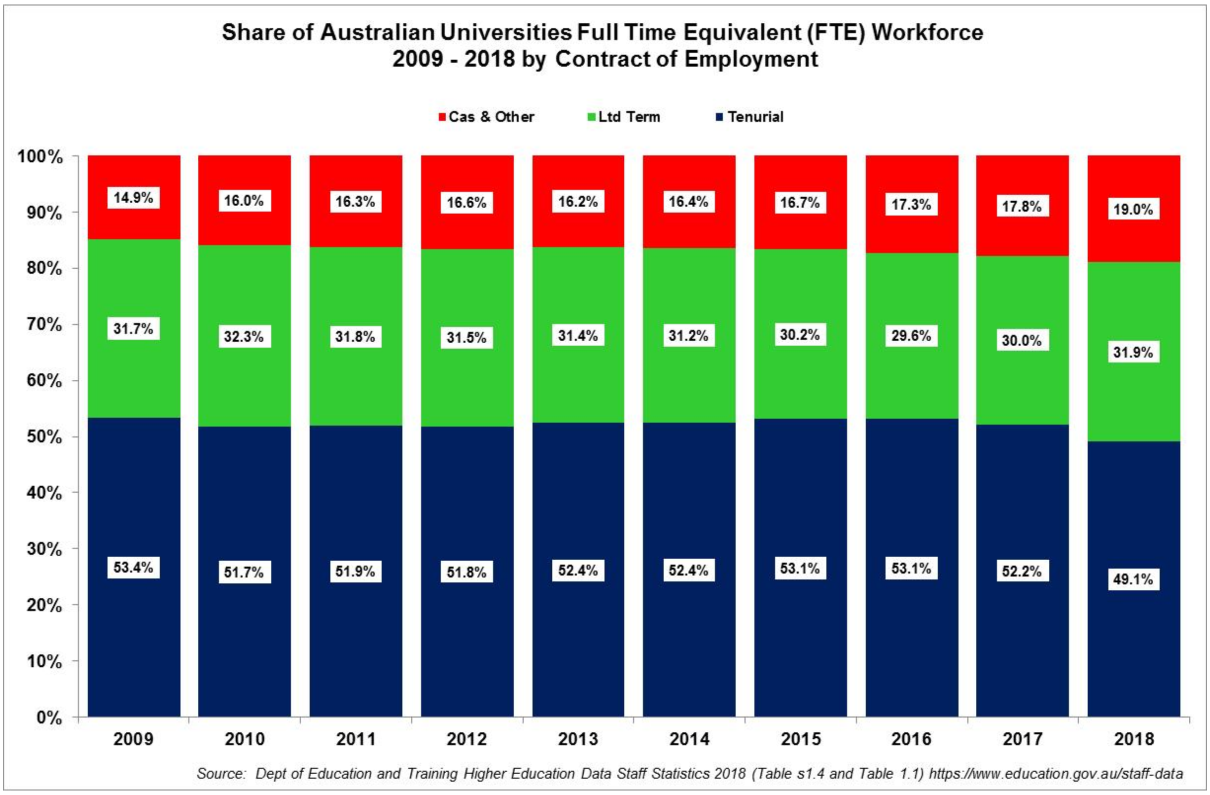
Insecure employment at Australian universities

Permanent jobs account for less half of all university positions

The latest higher education staffing statistics released by the Department of Education in December 2018 showed that less than half of all the jobs at Australian universities are now permanent. As Figure 10 shows, full time equivalent (FTE) secure ongoing (tenurial) positions at universities in 2018 had dropped to 49.1% of total FTE, including estimated casuals. In 2017, tenurial FTE positions accounted for 52.2% of total FTE. This drop of 2.2 percentage points equates to a loss of 1,403 secure positions at universities in one year – reflecting a continuing decline in ongoing employment in the past decade.

Despite the loss of ongoing positions, total FTE employment rose from 128,986 to 134,112 FTE, an increase of 5,126 positions or 4%. The loss of secure ongoing jobs is happening as casualisation and limited-term contract positions skyrocket, with 10% increases in both in 2018.

Figure 10



A very recent report into the recruitment of senior academic staff in Australian universities by Loomes *et al*[5], states that:

> *".. all participants in this study observed the diminishing attractiveness in academia due to decreased tenured positions"* (p8).

It reported the direct response of some of the participants, including one university human resource manager saying *".. academia has got a lot to worry about and many are not being put into tenured positions"*.   A

[5] Susan Loomes, Alison Owens and Grace McCarthy (2019) *Patterns of recruitment of academic leaders to Australian universities and implications for the future of higher education*, Journal of Higher Education and Management January 2019 (https://doi.org/10.1080/1360080X.2019.1565296)

member of an executive search organisation similarly *observes "one of the major challenges is, most universities are looking to do away with the notion of tenure."*

The authors make it clear that one of the major contributing factors to challenges and changing patterns of recruitment of senior academic staff at Australian universities is the uncertainty created by ever changing government policy and the shrinking share of public funding.

While there is a place for casual and limited contract work, the data indicates that they are now being used to replace secure jobs. The lack of secure employment is making it difficult for universities to recruit the best and brightest. More than half of all undergraduate teaching is now delivered by casuals, who have limited facilities and consultation opportunities with students and no access to professional development. This is bad for universities and their students and staff.

Taylorisation of academic work

Part of the story explaining the increase in insecure employment at universities, at least amongst academic staff, is the result of the Taylorisation or specialisation of academic work. The number of FTE positions classified as 'teaching and research' academics (considered the bedrock of our universities) is now less than the number of specialist, teaching-only and research-only, academic positions.

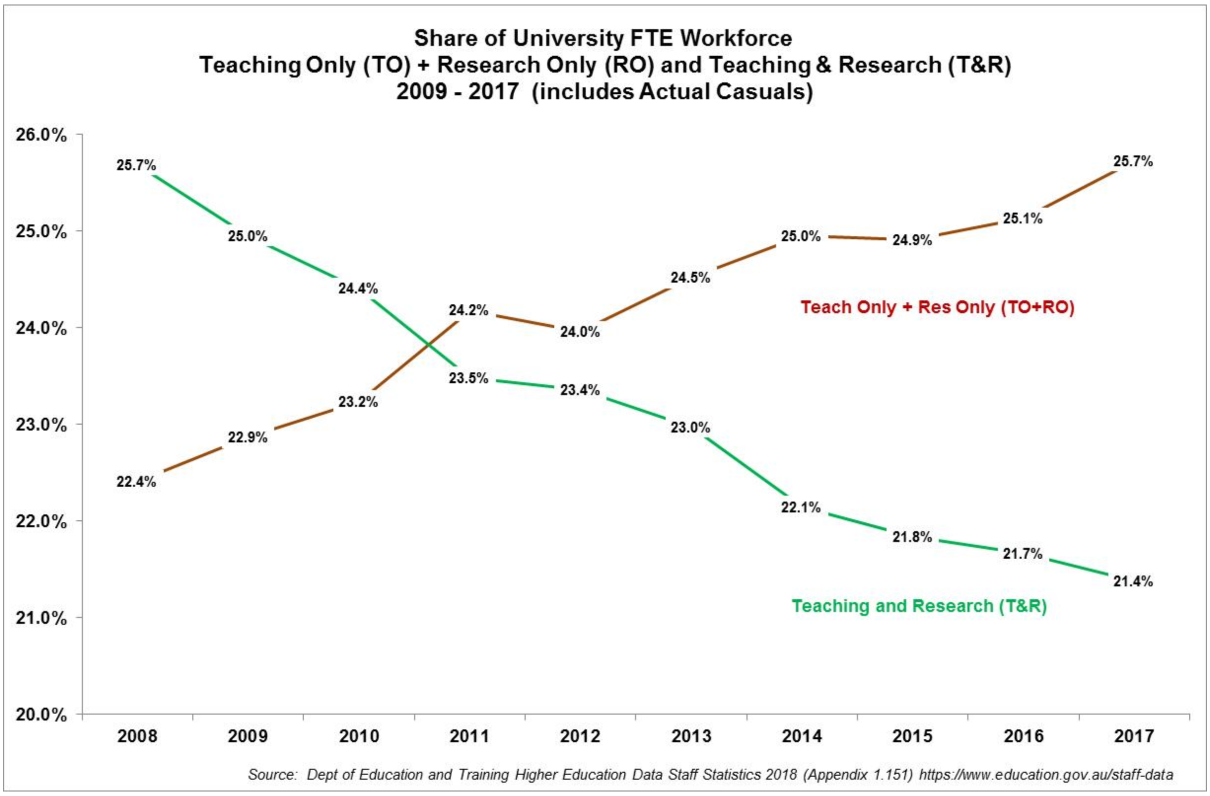
Figure 11 shows that on a FTE basis the proportion of university positions classified as teaching-only and research-only in 2017 was 25.7% whereas teaching and research positions, accounting for only 21.4%. Only a decade ago these numbers were almost exactly reversed with teaching and research FTE accounting for 25.7% and teaching-only and research-only 22.4% of total FTE.

A more detailed analysis of university workforce entitled the *Flood of Insecure Employment* (http://www.nteu.org.au/library/view/id/8988) shows that eight out of ten FTE teaching-only positions are casual, while the same proportion of research-only positions are limited term contracts. Therefore, the move to greater specialisation of academic work goes hand in hand with an increase in use of insecure forms of employment amongst academics.

A recent (28 January 2019) blog on the Edu Research Matters website (www.aare.edu.au/blog/) by Lew Zipin and Marie Brennan entitled, *Universities are investing in teaching at the expense of research*, highlights some the dangers in the trend to Taylorisation of academic work identified above. They note that *"(A)cademics need healthy communities of teaching informed by research/scholarship, in which they partake, in order to model and impart the knowledge capacities and passions that university graduates need for navigating work and social futures."* They go on to say that teaching and research is what distinguishes universities from other forms of education or training and that research provides universities with the capacity to connect with their communities and help inform important dialog about big-picture global as well as local issues.

The NTEU fears that the move to greater specialisation in academic roles, and indeed calls for the creation of a category of teaching only universities, has echoes of the move toward competency based teaching introduced into vocational education and training (VET) in the 1990s. Ironically, the move to greater specialisation in higher education is emerging at the very same time as questions are being raised as to whether narrowly defined competency based training is still fit for purpose in the VET sector.

Figure 11



The increasing reliance of insecure forms of employment and the shift to more specialised forms of academic work has the potential to threaten the medium to long term sustainability of Australia's world class higher education system. This is a situation that government must address as a matter of urgency and, in addition to increasing the overall level of public investment in higher education and research as outlined above, the NTEU would seriously encourage the government to consider other measures, including using financial incentives to encourage universities to reduce their reliance of insecurely employed staff.

Recommendation

The NTEU is calling on the government to provide financial incentives to encourage universities to reduce their reliance on casual and limited term staff.

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