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NTEU Submission

to the

Review of Australian Higher Education

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HIGHER EDUCATION IN MODERN AUSTRALIA

Introduction

The National Tertiary Education Union (NTEU) represents the professional and industrial issues of over 25,000 staff employed at Australian universities. Our membership comprises academic, research, administrative, technical and other general staff employed at Australian universities. NTEU welcomes this opportunity to provide comments in relation to the Government's *Review of Higher Education in Australia 2008*.

Over the last decade universities have faced difficult resourcing constraints under the policies of the previous Government, while at the same time being burdened with ever increasing regulation. Institutional leaders and university staff are looking to the Bradley Review to chart a new course for the future, one where our institutions are valued for the high quality of teaching, research and community service undertaken by universities.

Our submission follows the structure outlined in the original discussion paper using the same section numbers.

SECTION 1: OBJECTIVES AND FUNCTION OF HIGHER EDUCATION

The *Discussion Paper* comprehends some but not all of the key characteristics and functions of higher education. In particular, the importance of freedom of inquiry as a critical characteristic, is currently not included in the Discussion Paper.

A more comprehensive picture would include:

- A stronger statement on the role of scholarly teaching and research in promoting critical and independent thinking, a vibrant public discourse and critical commentary in the public interest.
- Acknowledgement of the significance of academic freedom and relative institutional autonomy in the university sector.
- Recognition of higher education as a public good with an allied requirement for direct State involvement in funding and regulation. Market signals will always need to be tempered by a strong State planning element.
- Recognition of the distinctive roles played by universities and other higher education institutions.

A key weakness in the *Discussion Paper* is the conflation of universities and other higher education providers. The non-university higher education component of the sector is very small and according to our estimates accounts for less than 2% of enrolments at the degree (Bachelors) level or above. This is shown in Table 4.

A good case can be made for re-shaping the current higher education planning, funding and regulatory framework for higher education which recognises and rewards the distinct roles and responsibilities of different types of institutions.

In summary the NTEU's proposal for new planning, funding and regulatory architecture for the sector would include:

- A discrete Universities Funding Act
- A discrete Further and Higher Education (F&HE) Funding Act
- An independent Post-Secondary Education Council will a statutory planning and funding brief across both sub-sectors, including finalisation of funding agreements based on distinctive roles and responsibilities for different types of institutions.

NTEU is proposing that universities, having satisfied the requirements of the National Protocols, should be covered by a new Universities Act. Institutions included in such an Act would be established by a State, Territory, or Commonwealth Act of parliament, have self-accrediting status and be a not-for-profit organisation. In addition the Universities Act would also enshrine in legislation the principles of academic freedom and institutional autonomy.

NTEU's submission to the Joint Committee on Higher Education's inquiry into accreditation processes¹, recommended moving toward a single national accreditation authority. In the same submission we also strongly recommended that the accreditation and quality assurance procedures remain the responsibility of separate bodies due to potential conflicts of interest.

F&HE institutes or providers would have accreditation and course quality assurance carried out by the new national agency as proposed above. Cross-sectoral institutions would have a single funding and reporting arrangement. Universities who also offer further or vocational education courses and programs would be covered by the Universities Act and only be subject to one set of funding and reporting arrangements.

The introduction of mission based funding compacts for universities, as being proposed by the current government, has the potential to achieve the twin objectives of maintaining the distinctive nature of universities as well as ensuring diversity within the sector (See Section 3.8).

The proposed Post Secondary Education Council (PSEC) would be an independent body comprising people with demonstrated expertise in post secondary education, appointed by the Minister with relevant terms of reference. The Council would have an obligation to report to the Parliament, through the Minister on an annual basis. Such a Council would have statutory responsibility for each sector's regulation including oversight of accreditation, quality assurance and the negotiation and administration of funding agreements with individual institutions, and be supported by the relevant Government departments. It would also have responsibility for the administration of student loans schemes, provision of timely general advice to students, and the collection of relevant data and information to ensure accountability. The Council would also undertake studies into issues of concern to the post-secondary sector on a specific reference from the Minister.

SECTION 3.1 MEETING LABOUR MARKET AND INDUSTRY NEEDS

Impediments to the development of innovative courses and programs

¹ NTEU 2008 Submission to JCHE Inquiry into the desirability of a national higher education accreditation body.

Given the nature of university education the development of any new or innovative courses or programs involves considerable lead time and development costs. The development of new curricula requires research, scholarship and in some instances the recruitment of new staff.

Perhaps the major impediment our universities face in being able to develop new and innovative programs and courses has been changes to the level and nature of public funding they receive to educate students. As the analysis presented in Section 3.8 demonstrates, universities have experienced a decline in the level of real resources available to them and are increasingly being forced to make decisions about what courses to offer based on their financial viability as much as educational or local community or industry needs.

Current funding levels and arrangements provide very little, if any, incentive for universities to develop new programs or methods of delivery, especially if this involves a degree of risk in terms of potential student demand. It is understandable that students might be reluctant to enroll in a new innovative program without any evidence that graduates have the capacity to find employment. Therefore, to be successful, universities must have the resources to take short term financial risks to develop and refine innovative teaching or learning programs, including those developed to meet specific community or business needs. Mission based funding compacts could be used to overcome the disincentives in the existing Commonwealth Grants Scheme program by providing the capacity for individual institutions to negotiate additional funding for the development of new programs in areas of key labour market shortages or where community demand is high.

As self accrediting institutions, universities are required to respond to a number of external signals about the employability of their graduates. A more detailed discussion about the quality assurance and other requirements universities are required to meet is contained in Section 3.3.

The available empirical evidence² suggests employers of graduates are generally satisfied with graduates' academic skills and knowledge but indicate that graduates could be made more employable if they had stronger generic skills such as communication, team work and creativity. These are similar to the criteria that employers value most highly when selecting graduate employees.³ Universities will be aware of these perceived deficiencies and there is little doubt that most, if not all are undertaking measures to address this situation. It should not be surprising that employers would prefer that all new employees, including graduates, to be 'job ready' from day one. However, as the NTEU observed in our submission in to the government's *Inquiry into Teacher Education 2005*⁴, it might not be realistic to expect graduates to be classroom ready from day one. In that submission the NTEU recognised that there may be a need for universities, secondary education, employers and accrediting professional associations to work together in a more productive way to build a capacity to respond to changing skill requirements and new employment demands.

² See DEST (1999) Employer Satisfaction with Graduates

³ Careers Council of Australia Employment Grape Wine Summer 2007.

⁴ NTEU (2005) Submission to Inquiry into Teacher Education.

NTEU understands that a present part of each university's Institutional Assessment Framework (IAF) requires it to report data on the known employment outcomes of their graduates. In addition universities need to meet the demands for professional courses (engineering, accounting, nursing and law for example) to be accredited through the professional association's accreditation processes. Without such accreditation graduates would not have the equivalent of a 'license to operate.'

The role of various levels of government should be to two-fold. Firstly, all levels of government should facilitate open and on-going discussions between educational institutions and local communities and business about their requirements. Secondly, governments should set clear and transparent accountability guidelines for the way in which educational institutions use public funding. For universities, the NTEU advocates that this could best be achieved through the introduction of mission based funding compacts which would be monitored by an independent Post-Secondary Education Council as discussed in Section I.

Mechanisms for aligning supply and demand of graduates

There are two aspects to this problem, firstly dealing with relatively short term fluctuations in demand and secondly dealing with the longer term economy wide demand for skills.

In the short run, it could be argued that the labour market itself is the best indicator of whether universities are meeting the needs and requirements of employers. At an aggregate level the data shows that university graduates have considerably lower unemployment rates than the remainder of the population. Careers Council of Australia data also show that the level of student satisfaction currently stands at about 70% and this has increased in recent years⁵.

The Careers Council also provides considerable resources for potential students to use in making choices about possible careers to pursue and their educational requirements, as well as employer expectations for a wide variety of careers. The information includes employment rates and average commencing graduate salaries by discipline. The information provided can be quite detailed, as is demonstrated in Table 1 which shows the proportion of employers that had difficulty in finding graduates by broad discipline field and sector.

Table 1 Proportion of Employers who had trouble sourcing graduates, by discipline of graduates and organisation industry, 2007

Graduate Shortages Disciplines	Govt & Defence	Construction Mining Engineering	Account & Finance	Communication Technology	Legal & Professional Services	Manufacturing	All
Information Technology	20.90%	2.00%	15.80%	35.70%	29.40%	20.00%	18.10%
Accounting Finance	41.90%	2.00%	63.20%	0.00%	41.20%	10.00%	23.50%
Engineering	25.60%	81.60%	5.30%	42.90%	29.40%	70.00%	45.80%

⁵ Careers Council of Australia (2007) GradStats 2007.

Mathematics Statistics Sciences	16.30%	14.30%	0.00%	7.10%	17.60%	10.00%	12.00%
Other	23.30%	14.30%	21.10%	17.90%	35.30%	30.00%	21.10%

In other words, there would appear to be a considerable amount of information, both formal and informal, about short term labour market shortages. This will influence student demand patterns for particular types of education or courses, as *Universities Australia's* analysis of unmet student demand has clearly demonstrated over a number of years. The question is whether universities have the capacity to respond to short term changing student demand. The NTEU has argued previously⁶ that the CGS, which has strict student quotas by discipline clusters is not well suited to meeting this challenge. Universities require greater flexibility in the allocation of government supported student places. This degree of flexibility is perhaps best included as part of mission based funding compact negotiations.

While labour market signals and changes in student demand might address a large proportion of the education and training undertaken by Australia's educational institutions, it is unlikely to address the nation's broader economic and social needs. There are clearly certain disciplines and courses which are considered to be of national importance, which regardless of the state of the labour market, will remain relatively unpopular. Mathematics and basic science and as well as some modern languages perhaps fall into this category. Therefore, NTEU would caution against a system of government supported student places which is driven solely by student demand. Again as part of the funding compacts, individual universities should be required to provide places in what might be unpopular and uneconomical courses, but where basic knowledge in the enabling maths and science areas are necessary in a vast range of occupations. Encouraging students to fill these places is a more difficult question, which might best be addressed through targeting potential students with income support measures such as discipline targeted scholarships, as well as maintaining service delivery courses in areas such as science and mathematics. This was an important election focus for the Government, and their response was to provide reductions in the HECS fees for students in maths and science.

Longer term labour market planning however is more problematic in so far as it is as much an art as it a science. Economies, employment patterns and increasing demands for skills undergo significant structural change over time. There are numerous extraneous factors that will impact on the nature and speed of such change and these include technological, economic, political, environmental and cultural factors. It would be highly desirable for education and workforce planners to be able to accurately forecast such changes and what implications they would have on future labour market demand.

Universities need reasonably long lead times to adjust to fundamental shifts in student demand, in addition to planning for and building any new specialised physical infrastructure that might be required. Universities also need to recruit and train appropriate teaching and research staff in order to ensure that they also have the required intellectual infrastructure. The problem of future staffing needs is accentuated by the current environment where the academic and research workforce at Australian universities is ageing rapidly with forecasts indicating a high proportion of existing staff

⁶ NTEU submission to ALP White Paper (2006) argued that universities needed greater flexibility in how they allocated CGS cluster places.

are likely to retire over the next decade. The question of how address the ageing of the academic workforce is addressed in more detail in our response to Section 3.8 which looks at the resourcing of the sector.

While obtaining accurate long term forecasting remains a difficult question, governments could none the less support further research in this field. Making decisions on the basis of a qualified forecast is perhaps better than making decisions with no information at all.

Lifelong learning

The evidence suggests the university sector is well placed to deal with the challenge of the ageing population and associated lifelong learning and re-training requirements. The latest data on the university students disaggregated by age and broad level of course shown in Table 2 shows that almost four out every ten (39%) students enrolled at Australian universities is aged over 25, and one in ten (10.8%) are 40 or older. The data also shows the majority of older students are enrolled as postgraduate students. Between 2000 and 2006 the number of students enrolled in Masters coursework degrees has increased from 58,961 to 148,705 or 152%. The majority of these students will be enrolled in professional education.

Table 2: Proportion of all Students by Age and Broad Level of Course 2006

Age Group	Postgraduate	Bachelor Degree	Other	TOTAL
Under 24	6.3%	52.0%	2.7%	61.0%
25-29	6.8%	6.5%	0.6%	13.9%
30 to 39	7.8%	5.9%	0.7%	14.3%
40 to 49	4.5%	2.7%	0.4%	7.6%
50 to 59	1.7%	0.8%	0.1%	2.7%
60 and over	0.3%	0.1%	0.0%	0.5%
<i>Subtotal 25+</i>	<i>21.1%</i>	<i>16.0%</i>	<i>1.8%</i>	<i>39.0%</i>
TOTAL	27.5%	68.1%	4.5%	100.0%

Source: DEST Selected Higher Education Statistics 2006

In addition to enrolling students in award courses, most universities have developed a number of short courses. These courses might be in response to community interests or tailored courses designed for local business, a profession, or for broader life-long learning purposes. Such courses may also form part of an institution's community engagement activities.

The detailed forecasting of future labour market requirements is notoriously difficult and it is important to identify the broad future demand for professional, para-professional and upgraded qualifications and training. This will not only impact on planning in universities, it will also have implications for the scale and scope of the higher education sector's expansion, including the relative weight of the VET, higher education and university components.

United Kingdom - Higher Education at Work

The UK Higher Education at Work initiative is a broad ranging review with the objective of increasing high levels skills in the UK workforce. In addition to providing a forum for educational institutions, the government and business to exchange ideas, it also has a number of more specific objectives including increasing the proportion of the population with higher education qualifications. As noted above, better long term forecasting data is

required to allow educational institutions and education planners to anticipate future demands. While it is difficult to picture a situation where there would not be increased demand for higher level skills and qualifications, it might be premature to set specific targets with a lack of this information.

Better communication and dialogue between higher education providers and business community are always likely to be beneficial in both parties having a better understanding of the others expectations. The role of Business Higher Education Round Table (BHERT) might be examined to see whether its role could be strengthened, which according to its website is:

where the leaders of Australia's business, research, professional and academic communities come together to address important issues of common concern, to improve the interaction between Australian business and higher education institutions, major public research organisations including CSIRO and ANSTO.

SECTION 3.2 OPPORTUNITIES TO PARTICIPATE IN HIGHER EDUCATION

Social Inclusion - Overcoming Disadvantage through increasing participation

The objective of increasing the participation and success of students from disadvantaged backgrounds, particularly low SES and Indigenous students, requires an integrated national approach, as well as specific local initiatives at the institutional level.

Improving the participation and success of low SES and Indigenous students in higher education requires ensuring that these groups are not discouraged from seeking access to university in the first place. Providing those traditionally excluded from higher education with educational support and financial incentives to participate can provide both the individual and the broader society with enormous social and economic benefits and is crucial to advancing the important agenda of social inclusion.

A number of measures should be introduced nationally to improve Indigenous and low SES participation and success at Australia's universities. These measures need to ensure that there are adequate alternative pathways for disadvantaged students to access higher education, as well as ensuring that there is adequate support to ensure they are able to succeed once they have gained entry.

The cross-sectoral institution model favoured in the *Discussion Paper* can certainly assist in attracting those students who are traditionally disadvantaged from entry. There are already a number of such institutions, largely in Victoria and Northern Territory, where both higher education and TAFE programs are contained in the one institution. Such programs can assist in attracting students who might not be ready to begin their tertiary studies at university, to start their studies in TAFE and then to transfer to university without changing institutions.

However, in order to improve both the educational outcomes of both low SES and Indigenous students it necessary to address the whole educational system from early childhood to post-secondary education, including universities. This involves firstly improving retention rates through to Year 12 to ensure those students traditionally excluded from attending university have the opportunity to apply and secondly, to ensure

that those students who do attend university are given appropriate levels of support. This must incorporate providing financial support, clearly articulated pathways, and academic and mentoring support once enrolled.

One model advocated by the NTEU in its submission to the 2020 summit⁷, in terms of improving Indigenous retention rates to Year 12, is to ensure that there is early identification (at Year 9) of students who have the capacity to complete a university education. Up to Year 9 school retention rates for Indigenous students is at 97.2%, almost identical to that of non-Indigenous students at 99.9%. By Year 12 however, the retention rate for Indigenous Australian's falls to 39.5%, approximately half that of non-Indigenous Australians at 76.8%. As such, the proportion of Indigenous students competing for entry to tertiary education is already significantly less than that of non-Indigenous students, with the result that there are comparatively small numbers of Indigenous students successfully enrolling in our universities.

Institutions should work collaboratively with secondary schools to build pathway programs from high school through to university via early identification of able students, provision of scholarships, additional learning support programs and links directly to post secondary institutions, including universities.

Schools, especially those with relatively large Indigenous student enrolments, should also be encouraged to work in conjunction with local Indigenous communities, and to incorporate the skills and knowledge of the community in the schools Indigenous learning and support network. By doing so, the community can also assist in identifying and supporting those Indigenous students who have the capability to succeed at university.

Students on the learning and support pathway would then be offered financial assistance (in addition to any ABSTUDY entitlements) to complete Year 12 via a tertiary education pathway scholarship. The number of scholarships offered needs to be sufficient to ensure that a greater number of Indigenous students complete Year 12 than is currently the case.

These scholarships can be provided by the university institution or be offered to individual students or a group of Indigenous students through Local Government and Industry partners.

Scholarship holders would also be given a guarantee that if and when they successfully gain entry into a university course that they will automatically qualify for another scholarship or a HECS exempt placement to allow them to complete their university studies.

Building social inclusion also means ensuring that low SES and Indigenous students are not discouraged from attending university because it is, or they perceive it to be, unaffordable. Measures aimed at increasing participation and success thus also need to reduce the financial stress for such students to attend university, including limiting the amount of debt that students incur as a result of undertaking a university course.

⁷ NTEU, *Indigenous Education and Employment in Higher Education Background Paper*, April 2008 (Attachment 1)

The costs of attending university, both in terms of increased fees and rising ancillary and living costs, is already a significant and growing burden on all students and their families, but is particularly onerous for Indigenous and low SES students and can significantly impact on their participation and completion rates. Alleviating the financial stress of attending university therefore must address both fees and living costs, the latter of which is best addressed through student income support.

Tuition Fees

While increases in HECS (FEE-HELP) cannot be directly correlated to a drop in participation of low SES and Indigenous students, the fact that their participation has not increased as much as other students, suggests that they are indeed more price (HECS) sensitive. Research has also shown that low SES students, in particular, are now very conscious of the debt that they will bear upon graduation and that such factors can actually influence students' decisions to seek access to higher education in the first place⁸. Given that universities are highly dependent on the funding provided by student fees, capping HECS fees at their current rates nationally is the most appropriate way to ensure that neither universities nor students are overly disadvantaged.

The extension of an income contingent loan scheme (such as HECS) to other higher education sectors may also negate any benefits that may have been achieved through pathway programs. While upfront fees can act as a disincentive to students, the experience of the university sector has shown that the option to defer payment of fees is often used to justify substantial fee increases, with supposedly minimal impact on students. As argued in the NTEU submission to the Victorian Government's discussion paper on Skills Reform, governments will always find it easier to increase resources to education by increasing the student contributions rather than government contributions.⁹ Substantial increases in the cost of attending higher and further education, even with income contingent repayment options, are likely to adversely affect student participation rates.

Student Income Support

While fees and the accumulation of debt can act as a deterrent to participation in higher education, it is the limited capacity to earn whilst still being required to meet substantial living costs that is likely act as a major deterrent for Indigenous and low SES participation in higher education. The provision of appropriate levels of income support is thus also crucial to improving the participation and completion rates of these groups. This can be achieved through amending the current student income support schemes.

There is substantial evidence documenting the decline in the number of students accessing existing student income support schemes, as a result of increasingly stringent eligibility criteria, as well as the inadequacy of existing payments, as is referenced in the Government's *Discussion Paper* to this review.

NTEU has also made a number of submissions on this issue over the years, outlining changes to the schemes over the last decade and presenting evidence of how this has

⁸ James, Richard, *National Report into Higher Education*, DEST 2003 p.187.

⁹ NTEU Victorian Division submission to the Victorian Government Discussion paper on Skill Reform "Securing our future economic prosperity", June 2008, <http://www.ourtafematter.com.au/>

resulted not only in a decline in the number of students able to access these schemes, but also in a decline in the participation rates of particular groups in higher education.¹⁰

Rather than repeating arguments and evidence about the decline in the accessibility and adequacy of student income support and the impact this has on student participation, this submission will focus on outlining the changes that we believe will help substantially improve the participation rates of Indigenous and low SES groups. Previous submissions referenced above provide evidence supporting the need for these changes.

NTEU would raise strong concerns against proposals that tie increased income support to further increasing student debt. The debt implications of schemes such as the Student Financial Supplement Scheme (SFSS), where students could cash in their student support entitlement on a one for two-dollar ratio loan basis, have already proved highly costly for students. In the last year of the SFSS, which was abolished in April 2003, 40,000 students applied for and accepted loans, of which about 15% were Indigenous.¹¹ While the inadequacy of current student income support payments means that there is likely to be some student support or take up of any such loan scheme, the reality is that it is those students who are in the most vulnerable financial positions, such as low SES and Indigenous students, that are most likely to take up such a scheme. At the end of 2002, accumulated national Indigenous student debt under the SFSS was \$320 million dollars.¹²

Increasing the already high levels of student debt is likely to impact most significantly on low SES and Indigenous students. Even with income contingent repayments, the prospect of increased debt could significantly impact on the number of students from these groups seeking access to university. Arguments relating to debt accumulation being an 'investment' resulting in 'returns' such as the increased earning capacity of graduates are not particularly cogent in relation to groups with already low participation rates and even more significantly, low completion rates. Increasing levels of student debt are also likely to have more general socio-economic impacts for individuals and for the economy as a whole, including declining home ownership, fertility rates and increasing emigration rates.

Proposed Amendments to Student Income Support

The following points outline problems with the existing income support scheme and suggest changes that would most benefit low SES and Indigenous students.

- Student income support should be directed to those most in need. The parental means test is an appropriate means of establishing which students do not have other means of support. However, we believe that the current parental income threshold (a combined yearly income of \$31 400) is set too low and should be set at average weekly earnings.
- The parental income test also needs to be flexible so that it takes into consideration difficulties such as those faced by many regional and rural families who may exceed the threshold in terms of assets, but do not have the immediate

¹⁰ NTEU Submission to the 2006/2007 *Federal Budget on Alternatives for Indigenous Student Income Support*, November 2005; NTEU Submission to *DEST Review of the Impact of ABSTUDY changes that came into effect in 2000*, February 2005; NTEU Submission to the Senate Employment, Workplace Relations and Education References Committee's *Inquiry into Student Income Support*, November 2004

¹¹ ABS, *Education and Training Government assistance to students*, Year Book Australia 2002

¹² Information provided to DEST by Centrelink, *Question on Notice No. 1382, Indigenous Student Debt*, June 16 2003.

resources to support their families to attend university. The Union supports the inclusion of some additional payments and support for regional and rural students, particularly those that are forced to relocate to metropolitan institutions to attend university.

- While it is appropriate for all students to be subject to a parental means test, the current age of independence, which is 25, is too high and should be lowered to 21. Students up to the age of 20 could be subject to parental means test, (current exceptions still applying) with independent rates available to all students whose parents' income falls below the (increased) threshold.
- Current income support payments are too low and base payments should be at least equal to or greater than the Henderson Poverty line.
- While many students try to supplement their income support payments through working additional hours in semester breaks or whilst studying, current taper rates and limits on the income bank system mean that students are severely penalised for every dollar they earn over \$236 a fortnight, or accumulated savings of over \$6000, and are thereby never able to get ahead financially. The Union believes that the income bank should be extended and the taper rates adjusted so that students are able to earn more at given periods to support their studies.
- All AUSTUDY recipients should be eligible for rent assistance and existing anomalies between the payment systems should be removed.
- All Postgraduate students, not just those undertaking qualifications necessary for professional registration, should be eligible for AUSTUDY.
- The number of Educational Costs Scholarships and the funding attached to these should be increased. These scholarships should primarily be targeted at low SES and Indigenous students.

Additional Indigenous Specific Measures

A number of additional specific measures in relation to Indigenous students should also be implemented nationally, particularly given the widespread social and economic disadvantage faced by Indigenous Australians.

A wide range of factors work against increasing Indigenous peoples' participation in higher education. Regretfully our Indigenous members report that there remains a degree of racism in universities, as well as a lack of culturally aligned curriculum, a lack of Indigenous staff and support structures for students, and high levels of poverty. These are compounded by the absence of income support structures for Indigenous students that not only provide for a decent level of financial support, but do so in a way which is sensitive to the realities of Indigenous family and community life.

An Indigenous specific student income support scheme is then necessary to support the particular social and cultural needs of Indigenous students. The Union has previously outlined detailed proposals in relation to the development of a more appropriate

Indigenous specific student support scheme and this are attached to this submission.
(Attachment 2)

SECTION 3.3 THE STUDENT EXPERIENCE OF HIGHER EDUCATION

Quality of the Student Experience

There are a number of mechanisms by which the student experience within Australia's higher education institutions is being monitored. The National Protocols for Higher Education Approval Processes set out by the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA), 2007, make clear that in order to achieve university status an institution must have clearly defined processes that evaluate and monitor the quality of each student's education experience.

In particular, the Guidelines note that each institution must have effective and comprehensive quality assurance systems that ensure all academic operations are systematically monitored and improved on; that it regularly collects feedback from all students, staff and employers of graduates and that it acts upon this feedback, and that it has mechanisms for benchmarking its academic performance against other universities and acts upon those areas requiring improvement.¹³

The National Protocols also clearly state that in order for universities to maintain their status they must continue to adhere to these requirements. It establishes the Australian Qualifications Framework (AQF) as a mechanism for defining a unified system of national qualifications and provides for the quality auditing of universities by a national body through the Australian Universities Quality Agency (AUQA).¹⁴

AUQA assesses student experience by incorporating student surveys and feedback on satisfaction, engagement and experience as part of its assessment on the quality of teaching and learning at institutions. The value of this assessment is that it is also used in conjunction with other indicators, such as staff:student ratios, institutional policies and processes for monitoring and evaluating teaching, and the level of both staff and student satisfaction with learning resources, facilities and environs. As such, it gives a broad overview of the status of student experience at that institution, allowing for an assessment beyond classroom experience.

AUQA has been assessing universities and other self-accrediting institutions since 2001, completing its first cycle in 2007. The organisation has now commenced its second cycle audits, which will include an assessment on the standards the institution is actually achieving. Evidence to date has shown that institutions are sensitive to AUQA recommendations, and will respond positively to recommendations for improvement. For example, this year UNSW was recently commended by AUQA on the significant improvements that it made to policy, procedure and governance following AUQA's initial assessment).

¹³ MCEETYA *Guidelines for establishing Australian universities (relating to National Protocols A and D)* 2007 Pg 16. Sections 16.6.4 – 16.6.8.

¹⁴ MCEETYA *National Protocols for Higher Education Approval Processes*, 2007. pg 3, Section 21 - 24

In addition to regulatory requirements, evaluation of what is becoming universally known as the "total student experience" is currently one of the dominant themes of higher education research. Such research has shown that students' attitudes and perceptions towards the institution as a whole are seen as central in determining the total student experience.¹⁵ Thus the term embraces the notion that learning not only takes place in the classroom, but also in the wider range of experiences associated with comprehensive institutions such as universities. One existing disadvantage remains the need for rebuilding a culture of student associations across all institutions as a result of the Voluntary Student Unionism legislation passed in 2005.

Internationally institutions have recognised the need to incorporate provisions within their own institutional policy specifically focusing on the need to improve and expanding the student experience in a broadly defined manner. For example, London Metropolitan University has recently shifted its focus to the evaluation of the total student experience, which includes issues such as the range of facilities available within the institution, relationships with the academic staff and fellow students, and attitudes towards the teaching style offered by lecturers and tutors.

Given the highly competitive nature of the global higher education marketplace, Australian institutions are taking note of this research and seeking to promote themselves as providing a broad learning approach. While many institutions have incorporated the concept in specific policy relating to student experience, (for example, RMIT's policy aims to "...support continual improvement of the total student experience at RMIT"), a practical illustration of this approach can also be seen in the recent changes made by the University of Melbourne to its curriculum and structure, where it dramatically altered its range of undergraduate degree offerings to focus on a broad learning experience.

The pedagogy of university teaching and learning has changed considerably over the last decade, with the advent of new information and communication technologies. While direct, face to face teaching is still the dominant method of delivery, it is now supported by various flexible, web based education tools. In addition, many universities now offer subject units throughout the year, moving beyond the traditional semesters by offering intensive (short course) and vacation programs. The increased level of flexibility in both course offerings and delivery has assisted many students, particularly those for which work, family commitments, and/or geography prevent regular attendance on campus. However, it should be acknowledged that online learning programs do require intensive resources and as such should not be seen as low-cost alternatives to direct teaching. In addition, while web-based technology has enabled students from more diverse backgrounds to access higher education, it does not necessarily engage students from low socio-economic status or Indigenous backgrounds, and unless fully resourced and supported, students may not feel as though they have fully participated in the education experience.¹⁶

Universities directly monitor student experience via student satisfaction surveys and other student feedback mechanisms, specifically asking students about their 'total student experience' as it is widely accepted that all aspects of students' university experience have an impact on their learning experience.

¹⁵ Savani, 2003

¹⁶ NTEU NSW Division *Submission to the Bradley Review* 2008. pg 6

Student surveys have grown to play a significant role in higher education quality assurance. Regular national surveys include the Course Experience Questionnaire, Graduate Destination Survey and the Postgraduate Research Experience Questionnaire. In addition, a number of multi-institutional surveys are conducted for policy research projects and benchmarking exercises. All institutions survey their students on areas such as overall course quality, teaching quality, the student experience, resource provision and graduate destination.

It is also important to note that aside from teaching, learning and academic support universities offer, a broad definition of the student experience requires the consideration of education, welfare and social support offered to students by bodies other than the institution. Student organisations have traditionally filled these roles, providing various academic, social justice, welfare and recreational services and opportunities. However, evidence shows that the impact of Voluntary Student Unionism (VSU) legislation on student support services, social interaction and the broader community life of the university has been profound. Recognising the importance of the role played by student organisations, a number of universities have attempted to directly support their student bodies and/or maintained (to various degrees) some of their services. However, most institutions have stated that these arrangements cannot be maintained indefinitely, and improving support for non-university student services and organisations will depend upon the responses to Minister Ellis' review of student services.

Evidence of declining student:staff ratios

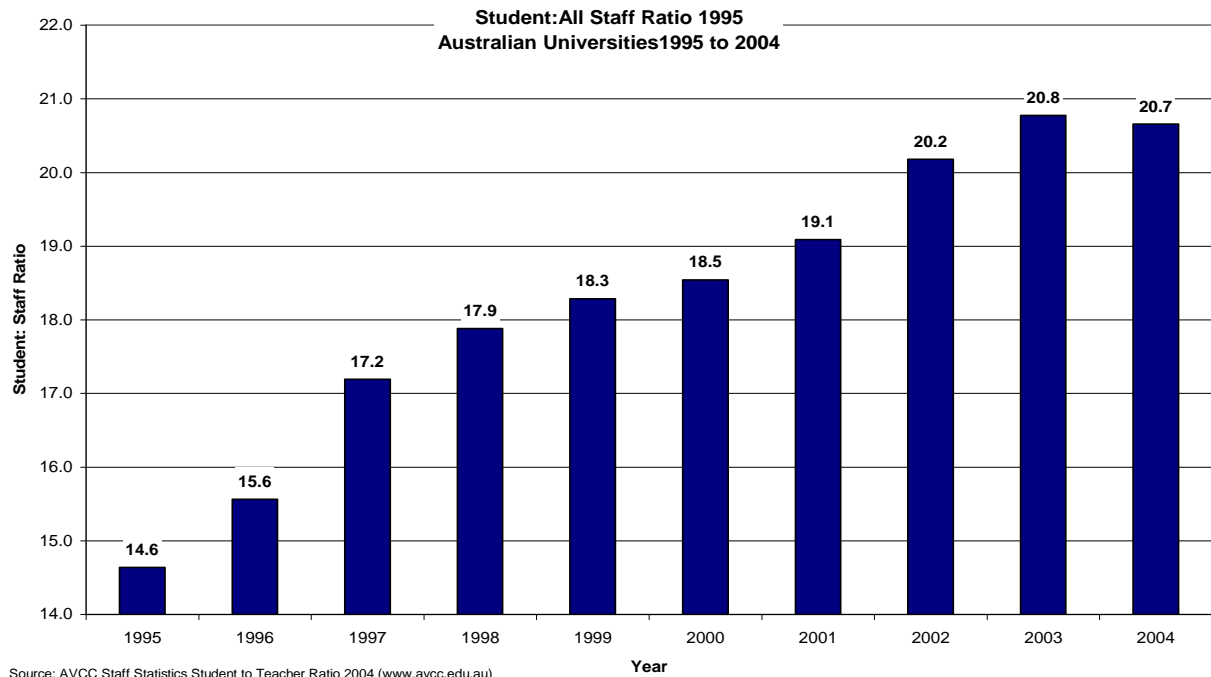
NTEU is extremely concerned over the growth in the student:staff ratio over the last 12 years. The Union has outlined these concerns in submissions, reports and reviews over the last decade; the latest being the Union's submission to the Federal Government's Innovation Review (30th April 2008). In our response to the review, we outlined how the increased student:staff ratio has led to substantially increased workloads and incidences of workload induced stress and fatigue.

As the data in Table 3 demonstrates, the growth in total staff numbers (23%) has been outstripped by the growth in student numbers over the same period (45%). Data published by *Universities Australia* shows that in 1996, there were 16 students for every faculty based teaching and research staff member. The latest figures (2005-6) have shown a sharp increase, with the ratio now averaged at 21 students per staff member – an increase of more than 40%.

Table 3: Full Time Equivalent (FTE) Staff and Student Load 1995 and 2005				
	1995	2005	Change	Change
Staff	FTE	FTE	FTE	%
Continuing	45,468	55,826	10,358	23%
Limited Term	26,037	24,638	-1,399	-5%
Estimated Casual	9,249	14,231	4,982	54%
Total Staff (EFT)	80,754	94,695	13,941	17%
Students				
Total Student Load	465,650	674,092	208,442	45%

Chart 1 below shows that the growth during this period has been largely constant, despite a slight decline in 2004.

Chart 1



Another issue that is likely to impact on the quality of the student experience is the impact of the ageing of the academic workforce and the likely impact that retirements will have on human capital and workforce revival. While NTEU made a substantial argument around the importance of this issue in our submission to the Innovation Review, these questions are also important in the Bradley Review.

Quality of Learning Outcomes

Currently, federal policy concerning the measurement of learning outcomes is via the Learning and Teaching Performance Fund (LTPF), which uses the Graduate Destination Survey (GDS) and the Course Experience Questionnaire (CEQ) to account for more than 70 per cent of the outcomes in the LTPF. NTEU believes the LTPF is a flawed mechanism for addressing learning outcomes, as it is a quantitative and not qualitative instrument of assessment. It should be noted that any instrumentalist assessment model based solely on quantitative performance indicators may lead to the establishment of a league table of 'good' and 'bad' universities without necessarily being underpinned by accepted evidence or methodology that focuses on qualitative data.

Excellence in learning and teaching is highly subjective and very difficult to measure using an instrumentalist approach¹⁷. Any attempt to quantify excellence using blunt

¹⁷ As discussed at some length in the NTEU's original submission on LTPF (2004), and in second submission in response to the LTPF discussion paper (2005).

performance indicators may be counterproductive because it is difficult to capture genuine and continuing improvements in the quality of learning and teaching at Australian universities. This could be improved through the use of qualitative as well as quantitative indicators.

It must be emphasised that learning and teaching is a complicated resource intensive process that takes place in a variety of different contexts. The desired outcomes of learning and teaching relate not only to the accumulation of knowledge and facts but more importantly to students' abilities to engage in higher order processes such as creativity, critical thinking and problem solving. Universities are unique in that they provide a mode of learning that is based on critical thought and academic inquiry, which respects the link between research and teaching.

NTEU's preferred approach is that institutions which adopt strategies and policies aimed specifically at improving the quality of their learning and teaching processes should be rewarded directly from the LTPF. In a process similar to that conducted by AUQA, those institutions that are able to demonstrate they have a commitment to improving their teaching and learning pedagogy through policy and practice could be supported and encouraged through the LTPF.

Measuring the Quality of Learning Outcomes

Currently, the educational strength of a university is monitored using multiple avenues, including assessment of its planning for learning and teaching. Universities also assess the learning environment provided for students through teaching quality assessments, quality assurance measures (such as student satisfaction surveys), and student outcomes, including student progress, satisfaction, and employability.

The practice in Australian universities has been to assess these matters via formal academic reviews of the activities of Schools and Departments. Academic Review Committees, often including peer professionals from other institutions or the private sector, are given terms of reference that allow them to examine the gamut of learning and teaching matters within that unit. Academic Review Committees begin with self-appraisal submissions from the academic unit under review, but also interview staff, audit lectures, discuss teaching with students, and review the standards of assignments, tests, and examinations scripts.

Further review of learning objectives and outcomes occurs for professional degrees that require accreditation by the relevant industry/professional body. This primarily occurs where external professional bodies are responsible for the admission of professionals to practice, such as in medicine, dentistry, engineering, law, psychology and nursing. Such professional bodies assess quality matters in a similar way to the institution and require accreditation of the courses at regular intervals, usually five or ten years. When required an external team is established by the professional body. Information and detail on curriculum and teaching materials are submitted in advance to the visiting team, which then, through on-site visits, assesses the claims for accreditation.

It should also be noted that DEST/DEWRR has produced a *Manual for Benchmarking for Australian Universities* which partly addresses the issue of measuring quality in teaching and learning. The scope is somewhat limited, however, by the fact that it relies on the indicators used for the LTPF assessment, which are largely quantitative in nature.

Education and learning outcomes are also viewed in terms of graduate employability. While there are various mechanisms to investigate graduate outcomes, the most relevant are the Annual Graduate Survey (AGS) and Graduate Destinations Report. Conducted annually, these invite recent (Australian resident) graduates to report on their employment and career placements 4 months after completion of their qualification. While it is a self selecting sample and may not be as comprehensive as other tools of assessment, the survey is valuable in that it provides longitudinal analysis of graduates by various cohorts, educational field and (for those who are working) their commencing salary by education band.

In 2007, the survey reported that it had received responses from 62.8% of Australian resident graduates who completed their studies in 2006. The report noted that the 2007 data reflected the strongest employment figures for new graduates since 1990, with 95% of respondents employed within 4 months of completing their degree. Of these the vast majority, 84.5% were working full time, with 10.5% working part-time/casual while continuing to seek full time work. These figures would appear to support the premise that graduates from Australia's universities are highly employable and that university courses are generally responsive to market needs.

In relation to the international assessment of Australia's graduate outcomes, NTEU advises caution on the application of any universal assessment tool. Although there has been some discussion by the OECD on an international mechanism for benchmarking quality in teaching and learning; the reality is that such a measure would be extremely difficult to apply. Furthermore, the interpretation of the results of such a measure in a way that guarantees both accuracy and equity across the board can be problematic. Cultural differences, differences in resources, teaching and learning pedagogy and graduate outcomes are just some of the problems in applying a uniform benchmarking tool internationally.

In Australia such improvements can and are measured by AUQA, which includes in its Standards Framework the assessment of an institution's international activities, and incorporates this with its assessment on teaching and learning. AUQA's assessment on the internationalisation of the curriculum is also tied to national and international accreditation requirements and teaching and learning policy that is transparent and ensures compliance with standards of academic integrity.

SECTION 3.4 CONNECTING WITH OTHER EDUCATION AND TRAINING SECTORS

Distinct or converging missions?

Much of the discussion about the possible future structure of Australian higher education contained in the *Discussion Paper* appears to be premised on the strong belief that integrating the higher education and VET sectors in a competitive market model with more contestable funding would be a more efficient way to regulate and fund post secondary education. It presumably assumes that the competitive market model would result in greater choice and diversity for students, and more efficient (lower cost) provision or delivery of courses.

There are a number of educational and economic reasons to question this underlying assumption, which appears to be based on a somewhat uncritical acceptance of the potential long term benefits resulting from deregulation and imposition of competitive markets. It does not however give due consideration to differences in the nature and objectives of the education delivered by different sectors and the different costs associated with moving to a more contestable funding regime.

Australian higher education violates many of the assumptions underlying the basic orthodox microeconomic theory of competitive markets. Most important amongst these are that the higher education system is comprised of institutions supplying differentiated products; and there are substantial positive social (spill over) effects associated with the delivery of higher education. These instances of 'market failure' mean that the application of competitive markets principles will not necessarily deliver optimal outcomes.

More importantly, the provision of education, including higher education, also delivers substantial economic, social and cultural benefits beyond the simple private returns that graduates derive through higher life long earnings. While difficult to quantify, a number of studies, have shown that the social rate of return on higher education is substantial¹⁸. It is for these reasons that governments all over the world provide substantial public subsidies for education.

Competitive market models based on supply of differentiated products or services (what economists refer to as Monopolistic Competition) indicate that contrary to what one might expect, Hotelling's law says that "*competitors differentiate their goods and services as little as possible in order to maximize demand from the public*"¹⁹. Rather than genuine diversity and development of niche markets, monopolistic market models predict that the most likely outcome will be superficial differentiation through investment branding. It might be suggested that even under the limited competitive model which already applies to the distribution of university funding through the CGS, the result in universities was an excessive investment in marketing and branding rather than the development of innovative or niche degrees or programs. Therefore rather than leading to greater, economic theory suggests one very likely outcome may be less true diversity.

The adoption of competitive market models also seemed to be supported by an uncritical acceptance of the long run equilibrium outcomes, without a full appreciation of potential short term adjustments costs associated with the dynamics of the competitive model.

¹⁸ OECD (2006) *Education at a Glance* and Geoff Borland, *New Estimates of the Private Rate to University Education in Australia*, Melbourne Institute of Applied Economic and Social Research, Working Paper No 14/02

¹⁹ Economy Professor at <http://www.economyprofessor.com/economictheories/hotellings-law.php>

Cost efficiency and lower prices come about as a result of new low cost providers continually entering the market and either displacing or disciplining existing providers, which is sometimes referred to as 'destructive competition'.

As Lord Keynes put in the 1920's:

*"Long run is a misleading guide to current affairs. In the long run we are all dead."*²⁰

In summary the imposition of a market model of regulation and funding of a more integrated higher education sector may well produce inefficiencies in both an administrative and an economic sense. The next question relates to how to best determine a classification methodology that best describes the activities of the different types of higher education institutions and how best to design an effective and efficient regulatory and funding architecture.

The NTEU's preferred approach is that any regulatory and funding architecture is based on the type of institution and not on the basis of the types of education provided or qualifications delivered. The reasons for advocating this approach is based on the following estimates which show the number of full time equivalent students enrolled in different types of qualifications delivered by different types of institutions. The data in Table 4 shows that approximately two out of every three students (63.4%) undertaking post secondary education in Australia in 2006 were enrolled in a course offered by a provider other than a university. The data also shows a clear delineation between the types of qualifications offered by universities and other types of providers. In 2006 less than 2% of all bachelors and above qualifications were offered by providers other than universities or self accrediting providers. In the Diploma / Advanced Diploma / Associate Degree level, the vast bulk of these qualifications are offered by non-university providers.

Table 4: Distribution of Students by Types of Qualification 2006

Student Classifications	Non-University providers including VET		Universities & Self Accrediting Institutions		All HE providers		
	Number ('000)	% Total	Number ('000)	% Total	Number ('000)	% Total	Non Uni % of Total
Postgraduate	4	0.2%	266	27.1%	271	10.2%	1.6%
Bachelors	9	0.5%	661	67.2%	670	25.2%	1.3%
Diploma/Advanced Diploma/ Associate Degree	159	9.5%	12	1.2%	171	6.4%	93.3%
Certificate I - IV	1,032	61.4%			1,032	38.8%	100.0%
Other *	476	28.3%	30	3.0%	506	19.0%	94.1%
TOTAL	1,680	100%	969	98.5%	2,649	100%	63.4%

* Includes Secondary School Education Programs offered by the VET

Source: NCVET Student Statistics and DEEWR Selected Higher Education Statistics

²⁰ John Maynard Keynes (1923) *Tract on Monetary Reform*, Ch.3

A new regulatory and funding framework that recognises and acknowledges the distinct roles and responsibilities of different types of institutions, namely universities, other higher education institutions and VET institutions, does not exclude the existing or potentially future cross sectoral institutions that cover all three types of higher education and provide qualifications across the whole spectrum of AQF qualifications. Any such institutions should, however be covered by a single set of regulations and funding arrangements.

Credit transfer

The question of credit transfer between individual institutions, as well as between the sectors, has been the subject of much debate and discussion over an extended period. Any policy initiatives to improve credit transfer will always be welcome and the NTEU believes that the current initiative to develop a Diploma Supplement for Australian universities should be continued and trialled, and if successful extended to other post school education sectors.

SECTION 3.5 HIGHER EDUCATION’S ROLE IN THE NATIONAL INNOVATION SYSTEM

NTEU’s submission to the Innovation Review noted the critical role that universities play within Australia’s research and innovation system. Firstly, they are a major source of research and development (R&D) activity within the Australian economy and secondly, they are responsible for the education of Australia’s future researchers. As such, it is vital that universities are adequately supported in their research activities.

The table below shows that about 70% of university funding for R&D activities is sourced from general university funds and not from research specific funding. What this means is that the bulk of the research undertaken is by university staff, many of whom have both teaching and research responsibilities.

Table 5: Higher Education R&D Expenditure by Source of Funds		
	2004	
Source of Funds	\$m	% Share
Australian Competitive Grants	740	17.3%
General University Funds	2,965	69.2%
State & Local Govt	148	3.5%
Business	243	5.7%
Donations	54	1.3%
Other Australian	5	0.1%
Overseas	128	3.0%
TOTAL	4,283	100.0%

All universities are required to have research capacity and capabilities in fields of study in which they offer Research Masters and PhDs or equivalent Research Doctorates.²¹ The degree of research undertaken varies across the university

²¹ Ministerial Council on Education, *Employment, Training and Youth Affairs, National Protocols for Higher Education Approval Processes*, October 2007, Protocol D, p10.

system, with the large comprehensive research intensive universities being the dominant institutions focusing on research across broad fields of study. Other universities maintain high level research activities in specialised areas. This pattern is distinctive across the university sector and is an important feature of universities. The linkage between the research and teaching functions of university staff is a critical factor which also distinguishes university education from other forms of education. As such, NTEU would caution against any policy initiatives that would result in the establishment of teaching only universities, or proposals to employ a greater number of specialist teaching only academics. Any attempts to do so might affect the quality of both teaching and research in the university context.

NTEU maintains that research in Australian Universities should be supported through an appropriate balance in block funding and competitive research grants. The data presented in Table 6 below provides a breakdown of the type of research funding that universities received in 2005. Firstly, the data shows that universities are predominantly reliant on the Commonwealth government for research funding and that about two-thirds of Commonwealth funding and 44.8% of all research funding was in the form of competitive Commonwealth research grants.

	\$m	% Share of Total
Commonwealth Government		
Competitive Research Grants	817.6	44.8%
Other Commonwealth Grants	445.7	24.4%
Total Commonwealth Grants	1,263.3	69.2%
Other Sources		
Industry and Other	172.9	9.5%
All Other	390.0	21.4%
TOTAL	1,826.2	100.00%

Source: AVCC Research Statistics (www.avcc.edu.au)

The NTEU supports the findings of the Productivity Commission *Report into Public Support for Science and Innovation* (March 2007) which expressed the view that, in relation to the balance between research block and competitive funding:

*Reductions in block funding levels would further limit the flexibility and discretion of higher education institutions to make meaningful strategic choices. Consequently, Australian Government block funding levels should not be reduced, either in absolute terms or in relation to Australian Government Competitive funding.*²²

Where block funding is distributed according to performance indicators, it is vital that that all researchers must have confidence in the integrity of those indicators and that any process applied must be clear and transparent.

Another major problem threatening Australia's research activities concerns the support and revitalisation of our academic research staff. The *Discussion Paper* has correctly

²² Productivity Commission, *Report into Public Support for Science and Innovation*, March 2007, p 519.

identified the aging of the academic workforce as a primary concern. NTEU agrees with this premise, and as such supports the recommendations outlined by Professor Graham Hugo (as outlined in our response to Section 3.8) as an initial means of addressing this escalating problem. There are, however, other serious problems that also must be addressed if Australia is to improve upon its support for its research activities.

At a research staff conference held by NTEU in 2007, research staff highlighted the following concerns as barriers to their careers:

- Years of rolling fixed term contracts with no protection from arbitrary non-renewal;
- Arbitrary assignment of staff as academic or general – sometimes based on cost alone, or on the use of academic “status” to make up for poorly paid research-assistant work;
- Lack of career structure for contract research staff;
- Lack of access to promotion for Research Fellows; or lack of clarity about the basis for classification or promotion of academic (Research Fellow) and general staff (Research Assistant);
- The perceived “disadvantage” of applying for promotion and therefore becoming more expensive to employ;
- Lack of opportunity for self-directed research and a lack of opportunity to undertake research leading to publication;
- Lack of teaching/career development opportunities for staff engaged on narrow research projects – especially where these projects are commercial or run by senior staff.;
- Loss of entitlements through breaks in service of more than the short periods allowed by Agreements – often 6 weeks. In particular, the discriminatory effect on those taking a year away from contract employment for child-birth and parental leave;
- Lack of access to superannuation entitlements and employer contribution rates at the same levels as continuing employees.

Many of these concerns relate directly to the fact that the full cost of research, which includes the employment of research staff, is not sufficiently covered by Government competitive research grants, administered by the Australian Research Council (ARC) and National Health Medical Research Council (NHMRC). The latest ARC data indicates that for Discovery Project Grants awarded in 2008 the amount of funding provided to successful applicants covered 65% of requested funding.²³ This leaves a significant deficit of funding, which is either supplemented from other university funds, or reductions in infrastructure and staffing costs. Currently the Department of Innovation, Industry, Science and Research has a stakeholder steering committee looking at estimating full cost funding of research, following other international models, and this is important if we are to justify increased funding for enhancing Australia’s research effort. It is important to make gains in this area.

²³ ARC (2008) *Discovery Projects*. Selection Report for funding Commencing in 2008 (<http://www.arc.gov.au/ncgp>).

A 2002 review into the dual (teaching and research) funding of UK universities concluded that, because research funding failed to cover the full economic costs of undertaking research, *“the high productivity of the UK research would not be financially sustainable in the longer term.”*²⁴ In other words, the UK government concluded that the capacity for its universities to continue to undertake high quality research would not be sustainable unless public funding of research covered the full economic costs of that research. The same conclusion could be drawn in relation to public funding of research for Australian universities. In our submission to the Innovation Review NTEU recommended that there should be further investigation into the impact that less than full cost funding of ARC and NHMRC projects is having on the research capacity of Australian universities.

These problems add weight to concerns that, together with the natural attrition that will occur with an ageing workforce, Australian universities are likely to be faced with significant recruitment problems in over the next decade. The Union is concerned that if these issues are not addressed then the capacity of universities to fulfil their critical role as the primary source of much of R&D and as the educators of our next generation of academics and researchers might be severely compromised.

NTEU highlighted our concerns in our submission to the recent Innovation Review, and similarly ask that the Bradley Review examine the following issues in relation to our universities workforce:

- The effect that likely retirements of significant numbers of Australia’ most highly qualified and experienced researchers will have on the stock of accumulated intellectual knowledge and know how (intellectual infrastructure) on our universities and the research and innovation system more generally;
- Whether current funding and research grant arrangements allow universities to recruit and provide the necessary training development and mentoring for the next generation of academic and research staff;
- How public and university policies might encourage programs for research staff development and renewal;

In this context, it is important to highlight the distinctive role that universities play in research education.

The table below shows that, in terms of higher education’s total human resources devoted to research and development, Academic Staff account for 26.8%, Other Staff 16.0% and Postgraduate Students 57.2%.

	Person Years of Effort (PYE)	% of TOTAL PYE
Academic Staff	15226	26.8%
Other Staff	9075	16.0%
Postgraduate Students	32508	57.2%
Total	56809	100.0%

²⁴ Research Council UK “Full Economic Cost” (www.rcuk.ac.uk)

Source: ABS Research and Experimental Development Higher Education 2004-05 Cat No. 8111.0

Higher Degree Research (HDR) students therefore play a significant role in the R&D work of universities, even though they are a small percentage of overall student load. The data presented in the following table shows the number of full time equivalent (FTE) HDR students enrolled at Australian universities between 1995 and 2006. While the data shows that the total number of HDR students increased by 8,843 FTE or 35% over this period, this increase was less than for all enrolments and as a consequence the proportion of the total student load who were HDR students fell from 5.4% to 4.9%. The other trend that the data reveals is the switch in the composition of HDR students from those enrolled in Masters research programmes in favour of Doctoral programmes.²⁵

It is clear that the capacity of universities to educate HDR students is a critical issue given that it is from this cohort of students that the majority of future researchers and academics are likely to be sourced. As such, the NTEU submission to the recent *Inquiry into Research Training and Research Workforce Issues In Australia* (May 2008) made a number of specific recommendations, including the need for Government policies to:

- Address the declining number of higher degree research (HDR) enrolments at Australian Universities.
- Ensure that the efforts of academic staff involved in supervision are appropriately recognised and rewarded, and that these staff are given the necessary support and training.
- Provide universities with greater certainty with respect to the level and funding available to develop and maintain world class research infrastructure.
- Review the Research training Scheme (RTS) with a view to increasing current funding levels to cover the full cost of education and training HDR students, clarifying the relationship between the level of RTS funding and government supported HDR student load, and reviewing cost weighting.
- Increasing the Australian Postgraduate Award (APA) stipends by 30%, indexing them to the CPI, making them non-taxable (in all forms) and extending them to 4 years for a full time PhD.

NTEU asks that the Bradley Review also considers these recommendations as part of its deliberations.

Concentration of Research Funding

NTEU notes that research funding is already highly concentrated; with the Group of Eight universities accounting for approximately 74% of Commonwealth Competitive Research Grants and 68% of total research funding (see table below).

Group of Eight Share of Research Funding 2005	
Type of Research Grants	Go8 Share 2005 %
Commonwealth Government Competitive Grants	73.9%
All Other Competitive	72.0%

²⁵NTEU Submission to the Standing Committee on Industry, Science and Innovation *Inquiry into Research Training and Research Workforce Issues in Australian Universities*. 2008, pg 4.

All Other Government Grants	58.7%
Industry and Other Grants	69.2%
Cooperative Research Centre Funding	54.0%
TOTAL RESEARCH FUNDING	68.2%

Source: *Universities Australia Research Funding Database, 2008*

As such, 60% of all Australian university research is undertaken by Group of Eight universities, and in 2006 they accounted for 55% of all Higher Degree by Research (HDR) students who graduated from Australian universities.²⁶

At current funding levels, any further concentration may risk the viability of smaller universities to continue their research efforts. Given that the National Protocols require universities to be involved in both research and teaching, it is vital that institutions are able to continue to conduct research as part of their core duties. As such, if the goal of public policy is to concentrate further research funding, it must be done via an increase in the overall level of funding and not simply through a redistribution of existing resources.

Teaching Only Universities

NTEU is strongly of the view that research is integral to the university experience, and as such opposes any suggestion that teaching only institutions should have university status. The educative pedagogy of university learning, which involves critical thought and academic inquiry, requires teaching and learning to be informed and supported both directly and indirectly by research.

This view is supported by a considerable (and growing) body of research that focuses specifically on university scholarship. Most notable is research²⁷ demonstrating that effective teaching and learning in universities is best served (both directly and indirectly) by a connection to research.

It should also be noted that the connection between research and teaching is also integral to the concept of a broadly defined 'student experience'. Brew²⁸ argues that universities should be transformed into scholarly communities where learning, teaching, scholarship, research and knowledge are intertwined as students and academics focus on joint inquiry.

The innate connection between research and teaching in universities is recognised as part of the accreditation requirements that allow institutions to be classified as universities. It should be noted that these requirements – as defined by the National Protocols for Higher Education Approval Process and established by the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA); were

²⁶ Group of Eight *Submission to the House of Representatives Standing Committee on Industry, Science and Innovation Inquiry into Research Training and Research Workforce Issues*, June 2008 pg 1.

²⁷ See: Newman, R., *The teaching-research nexus: Applying a framework to university students' learning experiences*. European Journal of Education, 1994, 29 (3), 323-338.; Zubrick, A., Reid, I., & Rossiter, P. (2001) *Strengthening the nexus between teaching and research*. Canberra: Australian Government Publishing Service. 2001;

Brew, A. (2003) Teaching and research: New relationships and their implications for inquiry-based teaching and learning in higher education. *Higher Education Research and Development*, 22(1), 3-18.

²⁸ Brew, op.cit.

reviewed in 2007. They specifically identify the integral connection between research and university scholarship as a defining aspect of a university, and as such highlight this as fundamental requirement to achieve university status:

Nationally agreed criteria for all higher education institutions

3. *An institution involved in Australian higher education delivery must meet the following criteria:*

.... (A3). has a clearly articulated higher education purpose that includes a commitment to and support for free intellectual inquiry in the institution's academic endeavours A4. delivers teaching and learning that engage with advanced knowledge and inquiry

... (A8). its academic staff are active in scholarship that informs their teaching, and are active in research when engaged in research student supervision²⁹

The Protocols further elaborate on this requirement under *Protocol D – Criteria and processes for establishing Australian universities*, stating that:

Additional criteria for all Australian universities

4. *In addition to meeting the nationally agreed general criteria for higher education delivery in Protocol A, an Australian university will meet the following criteria:*

D1. demonstrates a culture of sustained scholarship which informs teaching and learning in all fields in which courses are offered

D2. undertakes research that leads to the creation of new knowledge and original creative endeavour at least in those fields in which Research Masters and PhDs or equivalent Research Doctorates are offered

D3. demonstrates commitment of teachers, researchers, course designers and assessors to free Inquiry and the systematic advancement of knowledge

D4. demonstrates governance, procedural rules, organisational structure, admission policies, financial arrangements and quality assurance processes which are underpinned by the values and goals of universities and which ensure the integrity of the institution's academic programs.³⁰

Finally, it should be noted that a teaching pedagogy that supports the link between research and teaching is critical in the international recognition of Australia's higher education universities. As the global education market becomes increasingly competitive, an institution's research reputation is being linked directly to its teaching performance. For example, at the 2008 OECD Conference on Tertiary Education for the Knowledge Society, it was noted that

.... rankings are virtually based on research performance, mostly measured by the amount of peer reviewed articles produced. This implies that there is in fact only one area in which universities can excel and gain reputation and that is research. This leads to the phenomenon of global reputation race. This leads rather to less than to more diversity. And in fact there is only one model of the university that can have global standing: the large comprehensive research university. This is further stimulating

²⁹ MCEETYA, National Protocols for Higher Education Approval Processes, October 2007 Protocols A-E

³⁰ Ibid, Protocol D pp10-11.

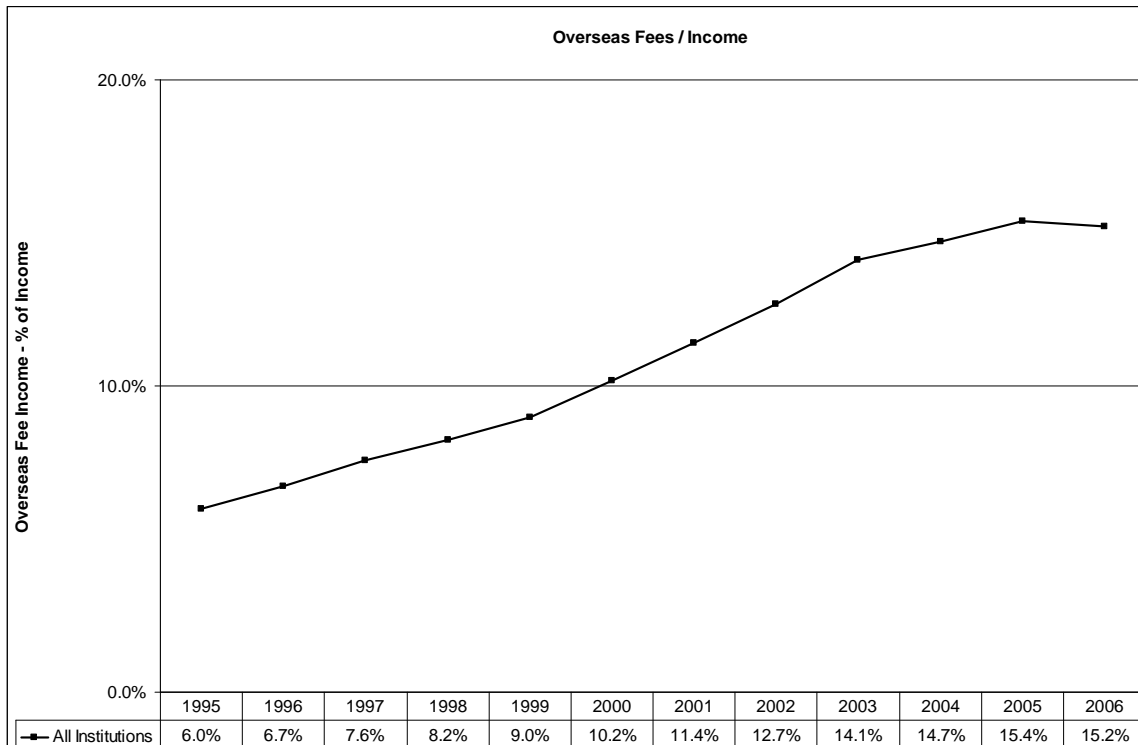
*academic drift in the system and jeopardizes the status of activities that universities undertake in other areas, such as teaching, innovation, their contribution to regional development, to lifelong learning, etc. and of institutions with different missions and profiles.*³¹

NTEU contends that the introduction of teaching only universities could potentially have a detrimental effect on Australia's position and reputation as a national provider of quality university education within the global education marketplace.

SECTION 3.6 AUSTRALIA'S HIGHER EDUCATION SECTOR IN THE INTERNATIONAL ARENA

Australian universities' involvement in international education is at a high level and Australia has been able to assist capacity building in overseas countries, particularly developing economies, in our region. The educational, social and cultural benefits of having international students studying at our universities are also important, and the opportunities such engagement creates for building stronger international educational and research partnerships for Australian universities and their staff and students are important factors in sustaining an internationally competitive and sustainable higher education sector.

Chart 2 Overseas Fees / Income



³¹ Marijk van der Wende *Where do we go from here? Tertiary education in a global world: institutional views OECD Conference on Tertiary Education for the Knowledge Society* Lisbon, 3-4 April 2008 pg 4

In recent decades has been a very distinct motivational shift for Australian universities' involvement in the global education market, moving away from international education as aid to international education as trade. As shown in Chart 2, overseas student fee income now accounts for approximately 15% of university income compared to only 6% a decade earlier. While the proportion of income from overseas students varies considerably between universities, in 2006 there were 8 universities that received over 20% of their total income from this source. This over reliance on income from what is potentially a highly volatile source may present unacceptable financial risks.

Financial risks are only one of the risks universities face when engaging in international education. Without going into the details the review panel is referred to previous NTEU publications³², which have identified the following as further risks, namely the risks to:

- quality of programs delivered,
- the international reputation of institutions and the Australian higher education industry more broadly, and
- Australian based staff.

Internationalisation

The role of government should be to regulate the international education of Australian education providers with the primary purpose being to protect the international reputation of the Australian higher education sector. Regulations should protect the rights of international students enrolled at Australian universities and ensure that all international students, and especially those studying offshore, should have access to appropriate levels of student support. Government has a productive role to play in encouraging Australian universities to build appropriate risk management strategies into their international operations to ensure that a sudden decline in the international student demand will not threaten the financial viability of that institution. It should not be forgotten that university governing bodies also have a responsibility to monitor and assess risk.

SECTION 3.7 HIGHER EDUCATION'S CONTRIBUTION TO AUSTRALIA'S ECONOMIC, SOCIAL AND CULTURAL CAPITAL

Defining Community Engagement

The 'community engagement'³³ role of universities is more than a growing trend amongst Australian universities. Universities have always engaged in the wider communities in which they are located. It is an entrenched and ongoing function, which is incorporated into their mission statements and is part of the public expectation about the role, identity and purpose of a university. Despite not receiving any specific funding for these activities, it is also part of the Government's expectation of universities, as outlined in the *National Protocols for Higher Education Approval Processes*, which state that "*all institutions receiving significant public funds are expected to engage with the*

³² NTEU *Excess Baggage Australian Staff Involvement in the Delivery of Offshore Courses: Research Report and Case Study Findings*, July 2004.

³³ 'Knowledge transfer', 'community engagement' or the 'third stream' activities of universities are terms that are all used interchangeably to describe the activities of universities that take place outside their core functions of teaching and research. Knowledge transfer is a somewhat confusing term to describe such activities because the production and transfer of knowledge is also part of the core function of universities in their teaching and research mission. While the term can also refer to the transfer of knowledge to sources outside the academic environment, the term community engagement is able to capture a broader range of such activities, as it can refer to generating, applying and using knowledge and resources outside of the academic environment. As such NTEU prefers the use of the term community engagement or community service, rather than interchanging different terms.

community to enhance material, human, social and/or environmental wellbeing of the community".³⁴

While community engagement is a firmly entrenched and critical function of Australian universities, it is difficult to define the exact character of this engagement. BHERT has provided a useful overview of the theoretical application of community engagement;

*Third Mission activities of universities seek to generate, apply and use knowledge and other university capabilities outside academic environments....to draw on the distinctive capabilities of universities as co-creators of industrially, socially and environmentally relevant and applicable knowledge and in the application of it.*³⁵

This definition however is limited in its explication of the types of activities that community engagement actually performs. There are large variations between universities in the nature, breadth and depth of their community engagement. This variation depends upon the capabilities and distinct missions of particular universities, as well as the needs of the communities in which they are located. Australia's regional universities in particular make a unique contribution to their local communities and play an intensely important role in the development, growth and sustainability of the regions in which they are located.

Different types of engagement can also have hugely diverse impacts on communities, and it is often difficult to quantify or measure the impact that various types of engagement have on individual communities. In particular, activities that involve participating in or facilitating various social and cultural activities can have enormous significance and value to a particular community, but no immediate measurable or financial impact. For example, the University of Newcastle annually hosts NAIDOC week activities across its campuses. The university is able to use its knowledge and resources while also incorporating strong community participation, to facilitate these events. This is designed to celebrate Indigenous culture and to extend appreciation of Aboriginal Reconciliation and culture beyond the university community, as well as facilitating Indigenous cultural awareness within the university community.³⁶ While this may not have an immediate measurable or financial impact on the community, it plays an important cultural and social role within the university and in both the Indigenous and non-Indigenous wider Newcastle community. It can also lead to improvements in participation by Indigenous students and staff given the positive message being sent by the institution and its leadership. It is important then, that in defining community engagement we also value activities that have social and cultural impacts within the community concerned.

Rather than attempting to provide a succinct definition of community engagement, NTEU advocates the use of a broad framework, such as that provided by the Science and Technology Policy Unit³⁷ (SPRU) at the University of Sussex, to help categorise the community engagement activities of universities. This includes:

- Exploiting existing intellectual property / knowledge (commercialisation of research outputs),

³⁴ DEST, *National Protocols for Higher Education Approvals Processes*, Introduction, July 2006.

³⁵ BHERT, "Universities' Third mission: communities engagement", *Position Paper No. 11*, June 2006, p4

³⁶ University of Newcastle, *Indigenous Education Statement*, 2007, p6

³⁷ SPRU (2002) *Measuring Third Stream Activities*, April 2002 [http://www.sussex.ac.uk/spru/documents/final_russell_report.pdf]

- Exploiting existing facilities (hiring out laboratories and other facilities),
- Research activities (contract research and flow of staff between universities and business),
- Teaching activities (student placements, providing courses specifically designed to local community needs), and
- Non-academic Communication (social networking and expert public comments in the media).

The SPRU definition is useful in that it recognises the breadth of types of community engagement as well as acknowledging that many such activities are an extension of a universities existing functions, whether that be through the interaction of research or teaching roles with local communities, or the way in which university infrastructure, or the knowledge and expertise of its staff, are used to assist local communities. While many such activities are based in the traditional roles of universities, extending such roles from the academic context into a community context often produces results that are dynamic and able to mutually benefit universities and communities. This definition also demonstrates that not all community engagement activities are commercial in focus or in outcome and that the success of 'knowledge transfer' is not based solely in its ability to produce economic outputs.

In addition to broadly defining community engagement activities, it is constructive to categorise or define the types of communities with which universities' engage. These could include:

- Internal university communities; ie staff involvement in university committees and boards and participation in staff and student unions;
- Professional or discipline based communities, such as executive membership or advisory roles for professional or industrial organizations and participation on editorial boards or local or state government advisory bodies; and
- External Communities, Regional Advisory Boards, Social and Cultural committees, Indigenous communities, citizens advisory groups, local councils and other community or government organisations.

Community engagement necessarily involves the staff and students of the university itself, that is the university community, as well as the broader community. It is important that the different types of community are recognised as well as different types of engagement.

Blending Universities' Traditional Roles with their Community Engagement Activities

The community engagement activities of universities are legitimate, necessary and appropriate functions of contemporary higher education institutions. Community engagement is a natural extension of universities' primary roles of teaching and research and the production and transfer of knowledge. It also assists in providing accountability and information to the general public and can assist in improving social inclusion.

Universities contribute to the social and economic infrastructure of the communities in which they are located simply through their very existence, as well as providing the

community with educational and employment opportunities. In regional communities in particular, universities are often a core part of the communities' economic and social infrastructure and the provision of social, recreational, cultural and sporting opportunities and services is crucial to attracting and maintaining student enrolments. This in turn can have a host of flow on effects for the broader community and its social and economic viability.

Regional universities also typically place a high priority on regionally focused and collaborative research, and provide local businesses, government and community groups with access to professional, technical and consulting services. Knowledge exchange also occurs through mechanisms such as the establishment of business incubators, science and technology parks, staff and student secondments and placements, and exchanges between the local university and business or community groups.

It is often difficult to distinguish between the traditional and community engagement roles of universities, as they often overlap as well as providing mutually beneficial outcomes to both the university and the community. For example, regional universities contribute to local economic and social development through their learning and teaching programs, by tailoring courses to meet the employment needs and aspirations of the local region. It can be argued that this is part of a universities primary role in producing and transferring knowledge, in particular locally relevant and useful knowledge. However, in order to successfully fulfil this role in an ongoing capacity, the university must engage with the local community on a number of levels. Assessing local priority skill needs and the demand for and sustainability of such programs will need to be a continuous and cooperative process that involves consultation with regional advisory boards, industry groups, local and state governments and relevant economic development committees. It also provides benefits both to the community and to the university. Not only can it help the university attract local students and maintain a viable student profile, but it can also help attract people to a particular community or region and assist in the growth and development of a particular area.

While universities have a long history of community engagement, their ability to perform these activities is limited by resources and time. While many community engagement activities actually generate income or are self sustaining financially, they take considerable time to establish and maintain. Conversely, some activities require significant financial support and while they don't generate income, have immeasurable social and cultural benefits. Effective engagement also depends on universities continuing to perform at high levels in relation to their traditional missions of teaching and research. The scope for moving towards higher levels of engagement will be constrained if higher education moves too far away from the core values of scholarship and excellence in teaching and research.

It is important then, that adequate resources are provided to fund the community engagement activities of Australian universities and that staff are allocated time to establish and maintain projects. If universities are forced to continue to rely on existing funding to maintain such activities, then it is likely that both the community engagement and the traditional roles of universities could be jeopardised.

Funding Community Engagement

The community engagement activities of universities are a key part of a universities mission and as such should attract public funding. However, the Union also believes that funding should not be based on the development of a new set of performance indicators. There is a risk that heavy-handed bureaucratic interventions from Government and/or central management of institutions may diminish the range and nature of the outreach activities they are meant to support. A particular challenge in providing funding is to recognise and enhance the informal and subtle nature of linkages that universities already have with industry, business and communities.

NTEU's analysis of international community engagement funding schemes, such as the UK's Business and Community funding, indicates a potential danger that such schemes can become a quasi source of funds to reward universities for successful research commercialisation. The danger arises where funding is allocated on the basis of some quantifiable 'performance' measure simply because data on the successful commercialisation of research is easy to collect and interpret.

A report commissioned by DEST³⁸ also warns that concentrating on commercialisation measures of research outputs has the potential to distort the nature of research undertaken by Australian universities and therefore limit the potential economic benefits associated with other types of community engagement activities including:

- communication,
- capacity building,
- extension and education services,
- standards setting,
- consultancy and contract research,
- staff / student interchanges between universities and industry,
- adjunct appointments of university staff with industry/community sectors,
- joint ownership and operation of research infra-structure including technology parks,
- university organised events such as workshops and seminars for local industry or communities, and
- making university facilities available for non-academic purposes.³⁹

These clearly describe the types of activities that are included in the broad definition of community engagement activities. The report classifies these activities as either, knowledge diffusion, knowledge relationships or knowledge engagement which are not captured by the standard model of knowledge production.

Trying to develop a set of community engagement performance indicators would also be a long and difficult task, as is evident from the UK's experience trying to develop and refine its Higher Education-Business and Community Interaction (HE-BCI)⁴⁰ surveys. NTEU would warn against attempting to construct a new set of performance indicators, not only because of the additional compliance costs they would impose on universities and their staff but also because of:

³⁸ Howard Partners (March 2005) *The Emerging business of knowledge transfer. Creating value from intellectual products and service*. Report commissioned for the Department of Education, Science and Training (DEST).

³⁹ IBID Howard Partners, Table 11 page 89.

⁴⁰ The UK had 3 rounds of HE-BCI surveys before using them for the allocation of funding. Refer to www.hefce.ac.uk/reachout/HEBI for more detail.

- the need to develop new concepts and instruments for data collection,
- the costs associated with coordinating data collection from universities and individual researchers,
- the differences between disciplines and universities with different objectives, working in different regional areas or market environments and therefore having different potential to impact upon business, regional or social development, and
- the need to consider the unintended effects of new metrics due to the creation of new incentives or disincentives.

With these qualifications in mind, the NTEU supports public funding of community engagement activities. The discussion that institutions are undertaking with Government about compacts will provide us with further information about possible funding models and the range of future university engagement with communities and governments.

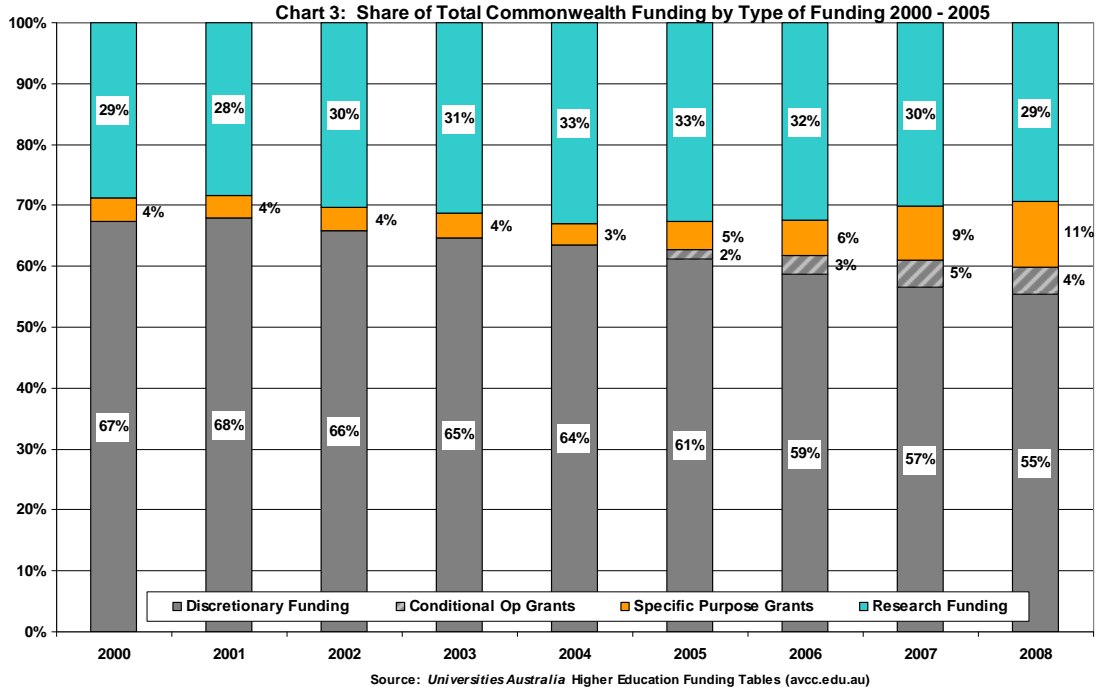
SECTION 3.8 RESOURCING THE SYSTEM

In order to appreciate the extent to which the current funding arrangements for universities provide perverse incentives and unintended consequences it is necessary to consider not only the level of overall funding but also the composition of that funding. The NTEU's analysis of university funding shows that in addition to declining levels of public investment in our universities, the composition of public investment has shifted away from discretionary or block funding toward specific purpose, performance based or conditional funding programs. While it is difficult to estimate the exact amount of Commonwealth funding over which universities have a high degree of spending discretion, the data in Chart 3 provides an "approximation" of the general trend. The data shows that for the period 2000 – 2008⁴¹ (including forward estimates), discretionary funding (base operating grants for government supported student load) will have declined from just over two-thirds (67.4%) of total Commonwealth funding in 2000 to 55.4% by 2008. In addition the data shows the proportion of the base operating grants which was made conditional on universities meeting the Coalition government's *Higher Education Workplace Relations Requirements (HEWRRs)* and the *National Governance Protocols*.

Of the non-discretionary funding available to universities, the data shows, that the proportion of total funding allocated for specific purpose programmes or by way of performance based indicators is likely to rise from about 4% of Commonwealth funding in 2000 to as much as 11% by 2008. If one adds to this research block funding (Institutional Grant Scheme, Research Training Scheme and Research Infrastructure Block Grants) the data shows that almost half (45%) of Commonwealth funding universities now receive are monies over which they have limited discretion as their use. This has increased from about 33% in 2000.

Rather than attempt to provide a detailed analysis of the various specific purpose grants (which include Indigenous Support Programs, Collaboration and Structural Adjustment Funds, Student Scholarships and so on) and performance based funding (primarily the research block grants and the Learning and Teaching Performance Fund (LTPF)), this analysis will use two recent policy initiatives to indicate how highly targeted performance based funding programs might not achieve their intended outcomes.

⁴¹ The introduction of new funding arrangements makes it difficult to make direct comparisons with pre 2000 data.



NTEU has expressed serious concerns about the capacity of the LTPF to meet its stated objectives of rewarding excellence in teaching and learning. In particular, the Union has been critical of the choice of performance indicators used to measure excellence. Further details of the Union's concerns can be found in our initial submission on the LTPF's introduction in 2004⁴². These concerns have been recently vindicated in an article published in *The Australian Higher Education Supplement* which found that:

A MULTI-MILLION-DOLLAR fund to reward good learning and teaching was beset with serious concerns almost from the outset, according to internal government documents.

The documents, obtained by the HES under freedom of information laws, call into question the credibility and methodology of the \$227 million learning and teaching performance fund.⁴³

The other programme which has attracted much attention and has now been abandoned by the current Government was the Research Quality Framework (RQF). Without providing a detailed critique of the RQF, it is worth noting that some of the behavioral responses (game playing) from universities (which may or may not have been driven by RQF results used to determine the distribution of research block funding) would be considered to be less than desirable, including attempts to poach high performing research staff and the creation of new 'teaching only' staff classifications. These responses were not attempts by individual universities to improve the quality of their research, but rather crude attempts to manipulate RQF results to the institutions advantage.

⁴² NTEU Submission Learning and Teaching Performance Fund (2004)

⁴³ Guy Healy & Bernard Lane, *The Australian*, July 9 2008

While both the LTPF and RQF may have been intended to improve the quality of learning, teaching and research undertaken at Australian universities there is little doubt that they were also part of a broader agenda to encourage greater diversity in these activities between universities. Instead, the programs resulted in wasteful 'game playing' which did little to improve quality. They also provided a large disincentive for individual institutions to diversify their activities, and instead encouraged them to promote proven teaching and research which was known to maximize performance indicator scores.

The NTEU's preferred approach to objectives such as improving the quality of learning, teaching and research would be to allow individual institutions the flexibility of developing their own approaches which could be negotiated as part of mission based funding compacts. Each institution would then be accountable for achieving its own stated (and agreed) objectives rather than seeing itself in direct competition with other universities on the basis of standardised sector wide performance criteria.

In this regard, the NTEU recommends that part of the Review of Higher Education include an examination of all specific purpose or performance based grants schemes with a view to rolling as many as is possible into base operating grants and or loadings which are negotiated as part of individually negotiated mission based compacts.

In recent years the NTEU has undertaken detailed analyses of the level of public funding received by Australia's universities. The results of our analysis have been published in a number of formats including our 2007 Report "*Funding of Australian Universities 1996 to 2006*"⁴⁴. We also note that despite the previous government's attempts to deny that our universities had experienced real cuts in public investment and were under financial pressure, the analysis of funding presented in the *Discussion Paper* acknowledges the difficulties Australian universities are facing, especially in relation to their capacity to upgrade and maintain their teaching and research infrastructure.

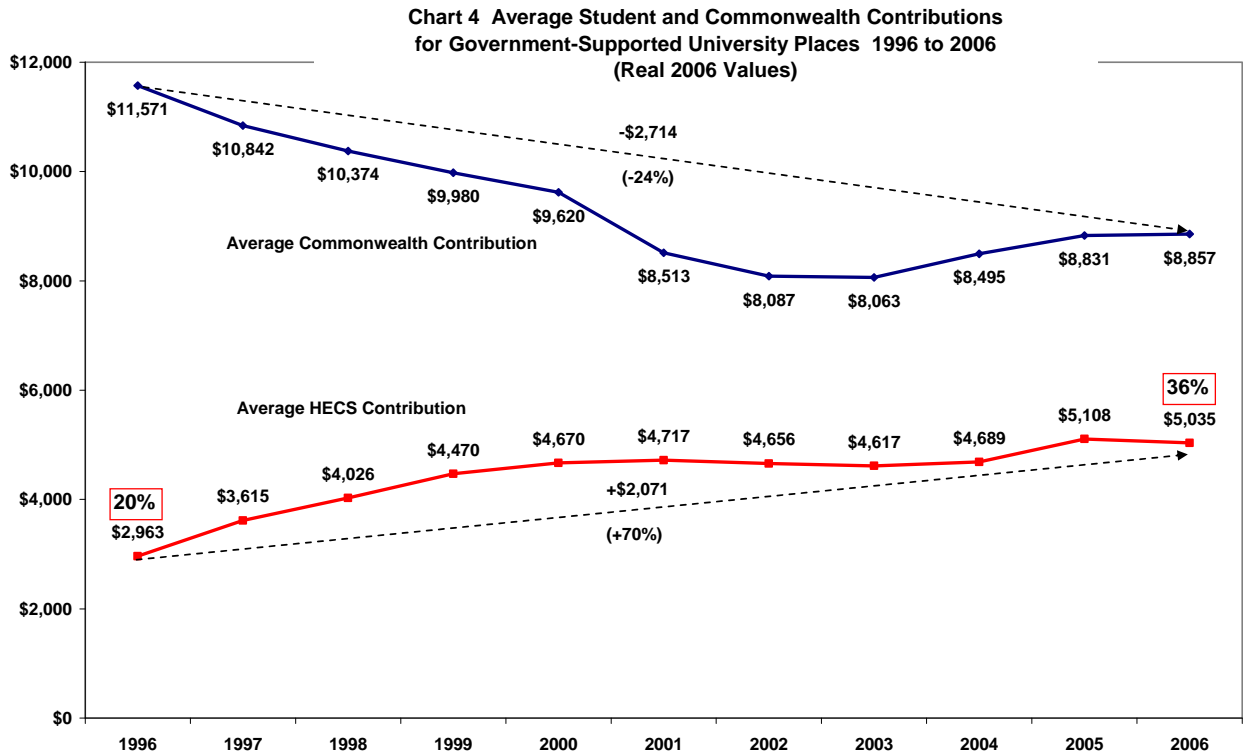
Without providing the detailed analysis of the updated funding contained in the 2007 report (see Attachment 3) the NTEU has published a series of reports⁴⁵ on the level of funding for government subsidised university places. The analysis presented below provides our latest updated version of the data and covers the period 1996 to 2006.

The data in Chart 4 shows that, when expressed in real 2006 dollar values:

- student contributions on average increased from \$2,963 per year in 1996 to \$5,035 per year in 2006 – an increase of \$2,071 per year or 70% in real terms
- the contribution students make to the cost of their education increased from 20% in 1996 to 36% in 2006,
- the average Commonwealth contribution for government-supported university places fell from \$11,571 per student in 1996 to \$8,857 per student in 2006 – a decrease of \$2,714 per student or 24% in real terms, and when multiplied by 2006 student load represents a reduction in real Commonwealth contributions of approximately \$1.2m in 2006 alone.

⁴⁴ Updates of the data reported in this report are included as Attachment 3 for the Review Panels information.

⁴⁵ NTEU (2003) *Student pay more, universities get less*. Research Report (<http://www.nteu.org.au>)



As a consequence the resources available to universities to educate government supported students through operating grants and students HECS payments actually fell by \$642 per student. When multiplied by the number of government supported students in 2006, this translates into a reduction in real resources from both the Commonwealth, and students, through HECS of \$283m in 2006.

One of the NTEU's priorities in relation to Commonwealth funding over recent years has been to ensure that the level of resourcing universities receive reflects the real cost of educating students.

In the NTEU's submission to the government's review of Commonwealth Grants Scheme (CGS) funding clusters⁴⁶, we showed that the effective CGS funding weights still reflect the Relative Funding Model (RFM) weights which were based on data collected as part of 1991-93 funding triennium.

While there were a number of minor changes to the funding for some discipline groups announced as part of 2007-08 Budget, there has been very little change to the overall pattern of funding relativities compared to the original RFM weights. It should be noted that the funding weights developed for the RFM were not derived from a comprehensive analysis of the different costs associated with the education of students in different disciplines. According to the Minister for Education⁴⁷ at the time, Mr Peter Baldwin, the

⁴⁶ NTEU Submission to the *Review of the impact of the Higher Education Support Act 2003*, December 2006

⁴⁷ The Hon Peter Baldwin, M.P Minister for Higher Education and Employment Services (August 1990) *Assessment of the Relative Funding Position of Australia's Higher Education Institutions* pp 8 – 9.

purpose of the RFM weights was for a one-off system wide application to ensure, “*that institutions in the new system are funded equitably from year to year for an agreed education profile covering existing teaching and research activities.*”

NTEU recommends that new research needs to be undertaken to determine the relative costs associated with the delivery of high quality education across different disciplines. The objectives of the new research should go beyond simply determining the **relative** cost of educating government-supported students in different disciplines but must also address the **actual** cost of educating these students.

NTEU continues to question the assumptions contained in the *Discussion Paper* that formed part of this review that evidence from universities might “*imply that some disciplines are placed in a higher than necessary funding cluster (creating a surplus for cross-subsidisation) and others are placed too low*”. The reality is more likely to be that any form of cross-subsidisation is associated with an equitable distribution of shortfalls across disciplines or faculties, rather than the re-distribution of surpluses. Any cross-subsidisation that occurs from surplus funds is likely to come from other sources of revenue such as international student fee income.

Once having established the real costs of delivering different courses, the review also needs to consider the indexation arrangements for university funding to ensure that they more accurately reflect the cost increases universities face, and thus avoid the real value of these grants being eroded overtime.

In relation to an appropriate indexation model, NTEU continues to support the position we proposed in our submission to Minister Nelson’s *Review of Indexation* in December 2004, namely that a new index should better reflect actual cost increases faced by universities based on the following components and weights:

- Wage Cost Index (WCI) Education 75%
- Consumer Price Index 25%

The current mechanism used to index university operating grants introduced by the then Labor Government in 1995, the Cost Adjustment Factor (CAF), is a grossly inadequate system that does not cover real increases in universities’ operating costs. The salary component of the CAF, which notionally constitutes 75% of grants, is based on the Safety Net Adjustment, which is the annual dollar adjustment for the lowest paid workers in Australia. The remaining 25% of non-salary costs are indexed using the Consumer Price Index.

An Alternative Funding Model

At this stage it is unclear as to whether research funding, which now comes under the auspices of the Department of Industry Innovative Science and Research, will be dealt with as a separate funding allocation or ultimately be included as part of the wider university funding negotiations. The answer to this question will become clearer when the Innovation Review reports and at that stage it will be possible to refine the funding arrangements for universities. At this stage the NTEU is proposing a broad framework which might guide future discussions about the development of the appropriate level, composition and delivery of public investment in our universities.

In relation to funding models for Australian universities, the NTEU's preferred approach is for dual funding streams consisting of:

- A. Proposed mission based funding compacts for universities, and
- B. A limited number of specific purpose programs which address sector wide concerns and issues, such as social inclusion and the ageing of the academic workforce for example.

A. Mission Based Funding Compacts

In designing a compacts funding system the NTEU is conscious of the fact that while it needs to be sufficiently flexible to allow individual universities to pursue their own missions, it also needs to be transparent to ensure that all institutions are dealt with in an equitable manner. Therefore the NTEU is proposing a funding mechanism comprised of a core operating grant which would be distributed on the basis of a negotiated student load (not unlike the existing CGS arrangements). Core operating grants would need to cover:

- The full costs of educating government supported-students by discipline group following a review of existing costs and relatives as proposed above (education component);
- The maintenance and upgrading of university infrastructure (capital component); and
- Basic research and scholarship necessary for all staff to be actively engaged in the research and scholarship other than that supported by competitive research grants (supporting research and scholarship component).

The core operating grant would be supplemented by a series of individually negotiated loadings which could cover some or all of the following:

- Innovative teaching and learning initiatives which might include the development of new programs or methods or delivery;
- Community engagement which might include innovative initiatives which address a variety of activities, as discussed in section 3.7; and
- Social inclusion.

B. Specific Purpose Programs

As discussed above, the existing suite of specific purpose programs should be reviewed. This however does not mean that sector wide specific-purpose programs designed to address targeted objectives would be inappropriate. The design of any such specific programs should be based on the following principles:

- They address an identified sector or nation wide issue where the specific objectives and expected outcomes are clearly articulated;
- In addressing sector wide issues (rather than mission based issues) the basis of distribution should be credible information. The use of performance indicators should have the broad agreements of all stakeholders; and
- Where they address national issues to which not all institutions might be expected to participate and are distributed via a competitive grants process, that the process be open and transparent and any criteria used have the broad agreements of all stakeholders.

Without attempting to anticipate what the entire suite of programs might encompass, the NTEU proposes that it is critical that one such program would be specifically designed to overcome the problems that all institutions are currently experiencing in relation to the ageing of their academic and research workforces.

The ageing of the academic workforce has been well documented in research literature, including at some length in the NTEU's submission to the Innovation Review. In 2000, just over 36% of FTE academic staff were 50 years or older. The latest data (2006) shows that the number of FTE academic staff in the 50+ age bracket has increased to almost 48.5% of the overall academic cohort. Based on his analysis Hugo concludes that the number of academic staff retiring over the next 10 years will increase considerably. He warns that universities will face significant difficulties in recruiting new staff that have the necessary experience, skills and accumulated knowledge to replace this ageing cohort of academic staff.

NTEU would propose that a sector wide program to provide all universities with additional funding to employ a number of additional junior academic staff to ensure a period of overlap with ageing academics and provide a degree of continuity necessary to protect and maintain the intellectual infrastructure in the sector (accumulated stock of knowledge). Such a program might be akin to an Academic Development Fund, which would provide funding for a specified number of additional academic positions and distributed on the basis of the number of academic staff who are 50 or above at each institution.

Another important program would be a Social Inclusion initiatives fund. The basis of distribution would be the number of students enrolled and universities would be required to use this funding to lift the participation of disadvantaged students, which involve identifying, mentoring and providing financial support (through scholarships) to potential students enrolled in schools in their local catchment area.

SECTION 3.9 GOVERNANCE AND REGULATION

NTEU is supportive of attempts to improve the management, operation and regulation of the higher education industry. As part of this, the Union agrees that there may be some need for improving and streamlining Commonwealth and State co-ordination and cooperation. However, the NTEU strongly believes that this can be achieved through ongoing discussion and cooperation rather than the Commonwealth assuming the States' powers through legislative means.

While the Commonwealth provides the largest single source of funding to public universities, State and Territory Governments make a significant investment in terms of grant funding for infrastructure and lands and loans on very favourable terms. In some States additional public money is also allocated to boost research activities, for example in the state of Queensland. They also perform an important and complementary role to that of the Commonwealth in terms of ensuring proper financial regulation of the use by universities of taxpayer funds.

The enabling legislation of universities, which is under State and Territory jurisdiction for all universities except the Australian National University, sets out the role of the institution concerned, its governance arrangements and accountability and reporting

mechanisms to State and Territory Governments. The enabling legislation also defines universities' objects and functions, which are an essential statement about the nature and purpose of the institution. This includes a commitment to freedom of inquiry as well as to servicing the interests of the broader community. While the exact wording varies between Acts, the interests of the broader community are generally legislated for both in terms of the universities' role to provide educational opportunities to particular groups as well as the broader community.

In addition to their core functions of providing quality teaching and research, universities serve the public interest more broadly by directly assisting the communities in which they are located. This includes their economic contribution through the provision of educational and employment opportunities and undertaking regionally specific research that contributes to the economic, social and cultural development of a particular area.

State and Territory governments often have a more in-depth appreciation of these contributions and a better understanding of the challenges facing universities within their jurisdictions. This is not only because they have a smaller number of institutions to monitor, but because the universities are physically located within their jurisdiction and have a number of interests that intersects with other State and Territory sectors, such as school and vocational education, skills needs in particular industries, and local employment issues. State and Territory governments play a vital role in articulating the interests of their institutions in negotiations with the Commonwealth.

The important individual roles of the Commonwealth and the State and Territories are complemented by the co-operative regulatory mechanisms that are already in place, such as the *National Protocols for Higher Education Approval Processes* and the Australian Universities Quality Agency (AUQA).

Reducing Regulation

Universities have been increasingly overly regulated at the same time as government funding has declined. As self-accrediting institutions, universities determine the programs and content of their qualifications and accredit their own courses, often in consultation with relevant professional registration bodies. The Commonwealth already has significant regulatory power in relation to the conditions that it sets for institutions to be able to access public funding, including negotiations with universities over the payment of subsidies for Commonwealth supported student places and block grants for research activity.

The use of tied or conditional funding also increased significantly under the previous government, as evidenced in the introduction of *National Governance Protocols* and the *Higher Education Workplace Reform Requirements* (HEWRRs). These represented an unprecedented interference in the day-to-day operations of universities and directly impinged on the rights of universities, as self-accrediting institutions, to manage staff pay and employment conditions and to conduct institutional governance in line with established UNESCO principles of academic freedom and institutional autonomy.⁴⁸ Independence from Government on governance issues, course offerings, research content and intellectual endeavour are the defining values of most universities worldwide. As such, NTEU believes that universities should not be subject to conditional funding on any of these matters.

⁴⁸ UNESCO, *Recommendation Concerning the Status of Higher Education Teaching Personnel*, Paris, 1997. See Section V, pp7-8.

NTEU would also argue that there are benefits to be made for students, staff and their universities by the Commonwealth and the States working productively together to ensure greater commonality between State, Territory and Commonwealth legislation in areas of consumer protection, privacy, audit and financial requirements and whistle blowing legislation.

It is important that such a process be cooperative and driven by a genuine commitment to protecting strong regulatory standards in these areas.

Improving University Governance

Individual institutions should determine the size and structure of governing bodies with an agreed set of guidelines. NTEU recommends that the following principles of university governance be adopted as a voluntary code of practice or guideline for all universities to replace the *National Governance Protocols*.

Mission and Identity

- The core function of Australia's public universities is to deliver teaching and learning that engages with advanced knowledge and inquiry and has a commitment to promoting and defending academic freedom. The governing body plays an important role in protecting, defending, nurturing and ensuring the sustainability of this core function.
- Institutional autonomy and academic freedom are the defining values of universities worldwide, are essential to the work of Australian universities and are a core requirement of Australian accreditation standards for self accrediting institutions. Universities have a right to institutional autonomy and independence from Government on governance issues, course offerings, research content and intellectual endeavour. The defence of university rights is a key responsibility of university governing bodies.

Internal and external relations and accountability

- Australian universities are accountable not only to the Commonwealth Government, but to other stakeholders, including State and Territory Governments, the communities in which they are located and serve, the students they educate and the staff who work for them.
- Members of university governing bodies have a responsibility to act in the interests of the university as a whole.
- In addition to formal measures such as compliance with relevant legislation and regulations, accountability can be maintained through clear communications and relationship building with constituent and stakeholder groups. All governing body members may play a role in providing information about and promoting the work of the University and the governing body itself to a range of stakeholder groups.
- Members of university governing bodies have a right and responsibility to communicate with all university stakeholders and the general public. They act as a conduit for the views of particular and varying constituencies of stakeholders, which is a key function of members of governing bodies, and assists in maintaining accountability to these stakeholder groups.

- The determination of confidential status for items of business should be based on clear and agreed guidelines that balance the need to maintain accountability to internal and external stakeholder groups by providing access to governing body deliberations and decisions, with the need to maintain the integrity of these deliberations and decisions.
- Measures to oversee controlled entities should include the stipulation that resulting documentation be publicly available, in line with universities' public service obligations.

Communication and information provision

- Members of university 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.
- Meeting dates, agenda and minutes (for non-confidential items) should be freely available to the University community and members of the public via the University's website.

Expertise, diversity and inclusiveness

- The size and composition of university governing bodies' membership should reflect the diverse constituencies and stakeholders to which it is accountable. The minimum size of the governing body and any requirements regarding essential expertise should be determined in consultation between each University, its internal and external stakeholders and the Parliament under whose Act the University is enabled. Minimum governing body size and requirements for ex officio membership and essential expertise should be set down in each university's enabling Act.
- University staff and students have a right and a professional responsibility to participate in university governing bodies, as set out in the *Recommendation Concerning the Status of Higher Education Teaching Personnel*, adopted by the 1997 General conference of UNESCO. This includes the right to be actively engaged in and critique the functioning, management and governance of higher education institutions, including their own.
- University staff and students have innate and detailed corporate knowledge and specialist expertise when it comes to matters of the university and the effective management and oversight of its operations.
- Rather than representing a conflict of interest, university staff and students are elected to university governing bodies precisely because they are expected to understand the perspective of a particular constituency that is important to the university. Staff and students should not be excluded from governing body deliberations merely by virtue of their membership of a particular stakeholder group.

Culture and practice

- Adequate workload release provisions and child care should be made available for staff involved in governing bodies and other governance functions of the institution.
- The governing body should acknowledge and value the essential role of the academic board, and seek to build cooperation and understanding between the two bodies.

- In addition to formal meetings of the governing body and its committees, members should have opportunities to meet informally and socially, to build knowledge and understanding of each others' perspectives and roles in a way that cannot be achieved within formal meetings.
- University management should seek to engage governing body members in the University community, for example through attendance at open days, public seminars, graduations and other University ceremonies and social events.

Induction and development

- Risk management procedures should include the need for a regular evaluation and review of the performance of governing bodies.
- 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. Professional development includes, at a minimum, training in areas such as how to access and interpret institutional data, particularly financial information. New members are provided with high quality and relevant induction programs.