

At the Crossroads:

*What is the post-COVID future of
Australia's Public Universities?*

By Eliza Littleton

The Centre for Future Work at the Australia Institute

April 2022

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This report was commissioned by the National Tertiary Education Union.

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The author thanks without implication Alison Pennington, Jim Stanford, Terri MacDonald, Kieran McCarron and Ben Eltham.

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Introduction and Summary

Public higher education fulfils a vital role in society. Universities educate workers of the future, equipping them with the skills, knowledge and critical thinking required for democratic participation and inclusion in a constantly changing labour market. Functioning at the intersection of abstract learning and practical pursuits, higher education creates the foundations for major social advancements that improve the quality of economies, and the incomes and wellbeing of households and individuals. Higher education has intrinsic value too, connecting students and scholars to a view of humanity that examines values, ethical purpose, the wisdom of different cultures, and the full diversity and richness of human thought. Accessible, well-funded public higher education systems support citizens to approach collective challenges with an open, inquisitive and rigorous mind. But decades of neoliberal higher education policy have eroded public funding and put the sector on the path of corporatisation, undermining the capacity of universities to deliver the public service of higher education. The pandemic and international border closures threw the sector into a financial and operational crisis, exposing existing fault-lines and strengthening corporate influence over an essential public good. The future of Australia's public universities hangs in the balance.

The closure of the international border in 2020 reduced international student fee revenue - which represented 27 per cent of universities' total revenue at 2019. As a result, total university revenue fell by \$1.9 billion or 5 per cent in nominal terms in the year to 2020 – the first decline in over a decade of consistent uninterrupted growth. The federal government made matters worse by arbitrarily excluding universities from the JobKeeper wage subsidy program. To protect against losses, universities responded with dramatic cuts to expenses, primarily through job cuts. Shockingly, in the 12 months to May 2021, 40,000 jobs in public tertiary education were lost, with 88% of these losses estimated within public universities. The majority of jobs lost were secure permanent roles which has accelerated casualisation and problems of chronic job insecurity in the sector.

The structural crises in university funding and workforce arrangements are not a product of the COVID crisis, but the accumulated impact of higher education policies focused on restructuring sector funding via deregulation, and privatisation. More recently, the federal government legislated a decrease in public funding per student under the Job-Ready Graduates reforms. Through this new funding model, students will pay an estimated additional \$414 million per year (in aggregate), while the federal

government will reduce its contribution to student learning by \$1 billion: a 15 per cent reduction in total Commonwealth Grant Scheme funding. On a net basis, universities lose a total of \$742 million per year in total funding. To make matters worse, the government forecast a cut to real university funding by 3.4 per cent over the forward estimates in Budget 2022-23. Meanwhile, existing diminishing funding is being made increasingly contingent on prioritising enrolments and research that align with commercial interests. This includes the introduction and use of ministerial vetoes on the allocation of grants through the Australian Research Council. This realignment of higher education operations for sectional and individual private interests undermines the autonomy and independence of universities, and the 'public good' nature of the service they deliver.

Higher education is at a crossroads. Although it seems the worst of the pandemic is behind us, the implications of the crisis are still unfolding, and underlying problems associated with the sector's corporatisation remain. International student enrolments in 2021 were down 17 per cent compared with 2019, and although overseas students can now return (and many have continued to study through remote learning systems), rebuilding international enrolment will be slow. Universities may never regain pre-COVID international enrolment levels. International student fee revenue is 33 per cent lower than it would have been had the pandemic not occurred. Skilled staff who lost work during the pandemic may never return, and the workloads of remaining staff are increasingly untenable. To survive universities will continue to expect more from, and give less to, their students and workforce.

But an alternative path for higher education is possible. Australia must proclaim an ambitious national vision for higher education that re-aligns the sector with its public service mission, and with the needs of students, staff, and wider society. Achieving this expansive vision of a stronger, more accessible, and more democratic university system will require a long-run commitment to better funding, better jobs, and better governance.

This report analyses the current worrying state of Australia's higher education sector based on the macroeconomic environment and federal government policy settings. Importantly, it tells two stories about the future of higher education: one based on the current trajectory of corporatisation, declining education standards and chronic job insecurity for workers in the sector; and an alternative future in which universities are supported to pursue knowledge for the economic and social benefit of the wider public.

Our report identifies seven key policy initiatives that, if implemented, would put Australia's public universities on a path toward full revitalisation.

- 1. Adequate public funding for universities.** Direct public funding of Australian universities has been declining relative to size of the economy since the mid-1980s, representing just 0.65 per cent of GDP in 2018/19 (well below the OECD average of 0.9 per cent). Higher education requires significant structural reform and more fiscal support. While longer-term changes are being planned in conjunction with all higher education stakeholders, including governments (both federal and state), staff, students, industry bodies and the wider public, federal public funding should increase immediately to relieve current fiscal pressures to 1 per cent of GDP (around \$20 billion per year in total).
- 2. Fully funded research.** Australian research and development funding has been declining as a proportion of GDP since 2008, when it peaked at 2.25 per cent. It has since declined to only 1.8 per cent of GDP, well below the OECD average of 2.5 per cent. Publicly funded research plays a critical role in addressing multi-faceted, complex emerging problems like climate change, global pandemics, and demographic change. To ensure Australia meets its pressing national challenges, the federal government must expand public investment in quality independent university research, and relinquish its growing control and political micromanagement over funding allocated.
- 3. Free undergraduate education for Australian students.** Higher education has become essential to obtaining gainful employment and incomes in Australia. In the five years to 2025, 52 per cent of all new jobs generated will require a bachelor's degree or higher qualification. However, increasingly delayed entry into full-time gainful employment means course fees are increasingly burdensome. Students now take an average of 9.4 years to pay off their degree, compared to 7.7 years in 2009. The government should introduce free undergraduate education to Australian citizens and permanent residents, restoring affordability and accessibility to the higher education system. Free undergraduate education would cost an estimated \$3 billion a year.
- 4. Secure employment.** Systematic underfunding of universities has exacerbated the insecure employment crisis in the sector, with widespread implications for the well-being of university workers, the quality of education and research, and the sustainability of the university system. Strengthening and repairing higher education employment will require multiple interventions, including:
 - Conversion of part-time casual positions to permanent jobs with more adequate hours, and limiting the use of casual employment to legitimate cases of short-term or seasonal work. These changes would reduce casual staff to around 10 per cent of total employment.
 - Expansion of the university workforce to reduce unsustainable workloads and improve the quality of academic jobs. We estimate reductions in the average weekly working hours of academic staff from

50 hours to 40 hours would generate around 11,750 full-time-equivalent academic jobs at a cost of an additional \$1.2 billion in labour costs.

- 5. Improve higher education governance.** Many issues in the higher education sector stem from declining funding, political intervention and uncertainty around future political decisions that affect universities. The federal government should establish an independent higher education agency with funding and regulatory powers, and restore the proportion of elected university council members to a majority. The current structure of university councils mimics corporate boards with tokenistic staff and student representation. This model of governance has failed to safeguard academic and ethical standards – as demonstrated, for example, by systematic wage theft scandals across almost half of Australia’s public universities. The majority of university councils should be elected by staff and students, drawn from candidates with expertise in education and the public sector.
- 6. Cap Vice-Chancellor salaries.** In 2020, the average vice-chancellor’s pay at 37 public universities was nearly \$1 million a year – around double the salary of the Prime Minister of Australia. Growth in vice-chancellor salaries has outstripped growth in incomes of other staff for decades and should be capped at \$500,000 per year.
- 7. Data collection and transparency.** Making data publicly available helps non-government organisations provide useful insights into issues and informs policy decisions that benefit all Australians. Analysis of the university sector could be strengthened by providing more complete data on headcount employment, course availability, and other timely, high-quality labour market information.

Higher education and the pandemic

The COVID-19 pandemic hit Australia weeks after the start of the 2020 academic year. The closure of Australia's borders prevented many international students from studying in the country, causing significant financial pressure on universities which had come to rely on fees as a major source of revenue. Universities have responded to dramatic COVID-era developments and subsequent government policy decisions by cutting expenses, primarily through job cuts. Other challenges, such as adapting to online learning, have imposed a heavy financial toll on universities and their staff.

UNIVERSITY FINANCES

The decision by the federal government to close national borders reflected public health considerations and was made to protect the well-being of all Australians. However, the costs of that policy decision were not shared equally throughout the economy. As government funding for higher education has declined over the years, universities have come to rely on private sources of revenue to fund core operations, staffing, and facilities. In particular, universities have become precariously dependent on the premium fees paid by international students. The policy decision by the government to close borders (however appropriate from the perspective of Australia's broader public health goals) thus fundamentally and immediately disrupted the financial foundation of higher education, exposing this and other weaknesses in the system.

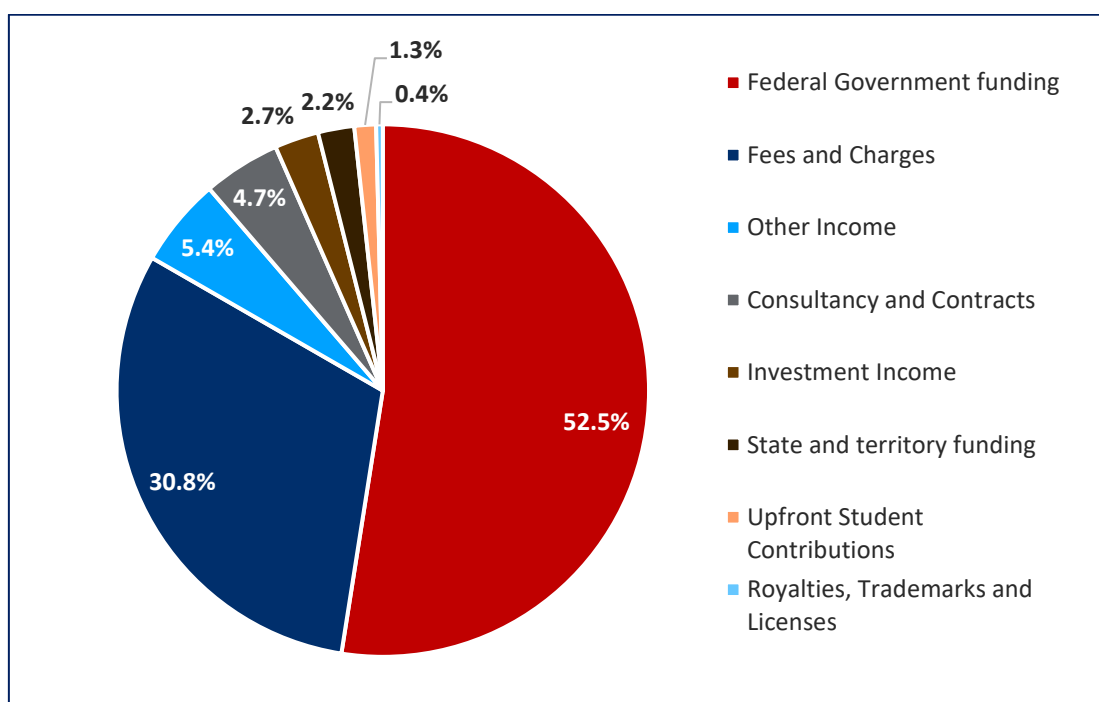
The combined revenue for universities fell by \$1.9 billion (5%) in the 2020 calendar year to \$34 billion, and expenditure declined by \$255 million (also equaling \$34 billion). The revenue decline can be largely attributed to a drop in student fees, particularly international students; reduced expenditure is due mostly to reduced salaries due to cutting staff. Over the year, 23 universities still reported a surplus, but 16 were in deficit. The following section analyses the revenue, expenditure, and surplus of 39 Australian public universities in 2020, to describe the current financial

context for universities and establish the impact of the pandemic. The data is based on university finance data from the Department of Education, Skills and Employment.¹

Revenue

University revenue can be broken into various components, as shown in Figure 1. In 2020, federal government funding made up the majority (52%) of university revenue. The largest portion of government funding is through the Commonwealth Grant Scheme (CGS), which subsidises the cost of teaching and research. It is worth around \$7.5 billion per year and comprises 56% of total federal government funding to the sector. The Higher Education Loan Program (HELP) makes up another 10% of government funding to universities, assisting with the up-front cost of study for domestic students. HELP funds constitute debts that are eventually (at least partially) repaid to the government by graduated students, and hence they are not always considered as ‘government’ funding. For the purposes of this report, calculations of government funding for sector will state whether HELP is or is not included.

Figure 1: Sources of revenue for public universities, 2020



Source: Author's calculations based on DESE (2021) *Higher Education Providers Finance Tables*

Research funding makes up the bulk of remaining ongoing funding to the sector. For the most part, funding for research takes the form of block grants delivered through

¹ DESE (2021) *Higher Education Publications: Finance Publication*, <https://www.dese.gov.au/higher-education-publications/finance-publication>

programs, including the Research Support Program and Research Training Program worth around \$2 billion, the National Collaborative Research Infrastructure Strategy, and grants distributed by the Australian Research Council via the Linkages and Discovery program (worth a combined \$800 million per year). In total, university research funding is worth around \$3 billion per year and makes up 24% of government funding.

Student fees and charges made up a further 31% of total university revenue, most of which were international student fees (worth 27% of total university revenue). “Other income” refers to donations, non-government grants, prizes and sales revenue, and represent 5.4% of revenue. The remaining revenue (11%) is derived from contracts, investments, state/territory governments, royalties, and upfront student contributions. It should be noted that the composition of university revenue has been changing over time, in line with policy changes and the broader government-led agenda of university privatisation and commercialisation (discussed below).

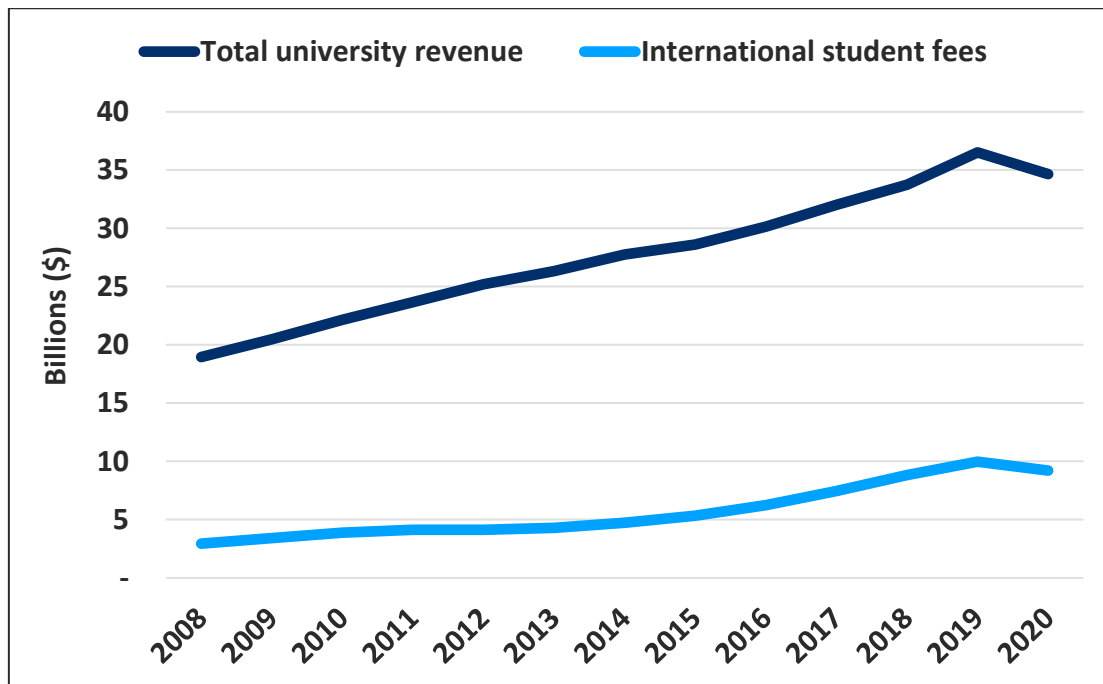
Revenue composition varies considerably between different universities. The level of dependency on total government funding ranges widely between universities: from as low as 36%, to as high as 83%. Reliance on government funding is lower for the larger, older universities – including the University of Sydney (36%), the University of Melbourne (39%), Monash University (42%), Queensland University (45%), the University of New South Wales (49%) and the University of Western Australia (51%). Conversely, those bigger institutions are more reliant on international student fees, which make up as much as 42% of revenue for them, compared to as little as 3% for some smaller institutions.

Figure 2 shows that Australian universities experienced steady revenue growth up until 2020, which marked the first decline in this series since this dataset began in 2008 (and likely much longer). In 2020, revenue declined by 5% or \$1.9 billion, mainly due to a 7.6% (\$756 million) drop-in international student fees and \$1.2 billion less investment income.

The pre-pandemic growth in revenue can be explained by two key trends. First was the introduction of demand-driven funding in 2012, which uncapped the number of government-funded places for domestic students. This led to an increase in enrolments between 2012 and 2018. Second, the number of international student enrolments has more than tripled since 2001, contributing significantly to higher fee revenue.²

² DESE (2021) *uCube*, <http://highereducationstatistics.education.gov.au/>

Figure 2: Total university revenue and international student fees, 2008-2020



Source: Author's calculations based on DESE (2021) *Higher Education Providers Finance Tables*

As shown in Figure 2, between 2008 and 2020 income from international student enrolments in Australia more than tripled: from \$2.9 billion to \$9.2 billion, and increasing from 15.5% to 27% of total university revenue. The decision to close borders thus significantly disrupted the financial foundation of higher education in Australia. International student fees revenue fell by over \$750 million in 2020, and probably further in 2021 (as the full effects of closed borders were absorbed in enrolments).

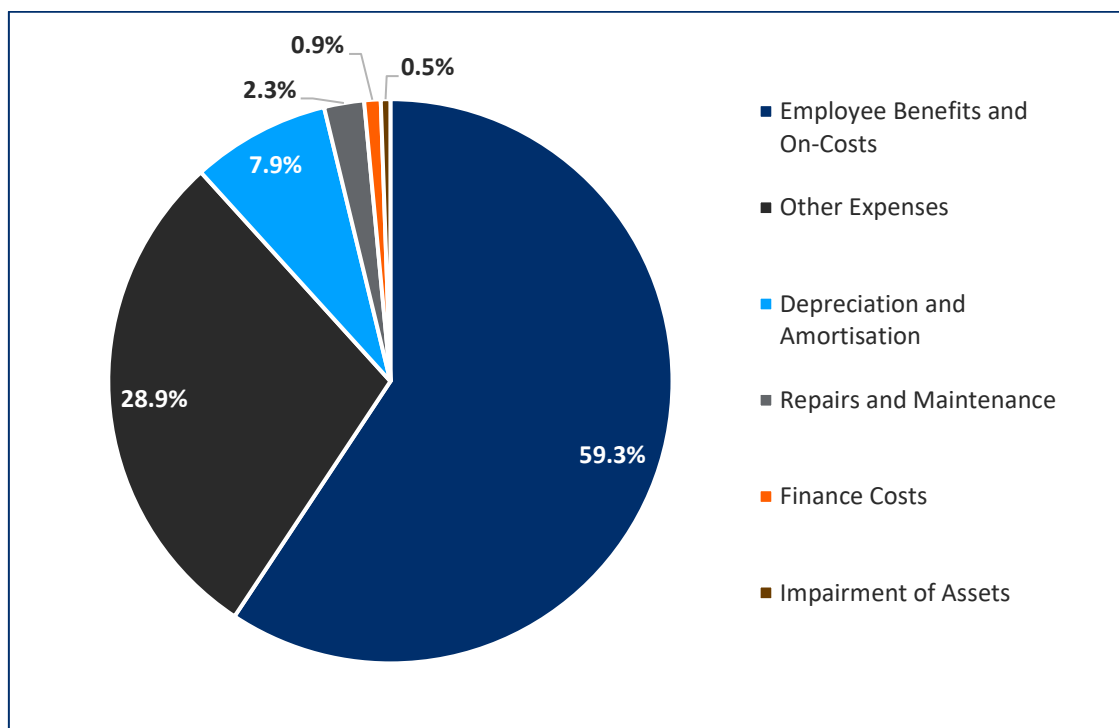
Universities occupy a hybrid status, funded in part by public money via the government, but with an increasing share stemming from private sources (in particular investment income and international student fees). The volatility of these private revenue streams has introduced significant instability to the business model of higher education. During the pandemic, it has been the private revenue which has been most volatile, and hence least able to protect the important, valuable services provided by universities through this crisis.

Expenditure

Australian universities spent a total of \$34 billion in 2020, \$255 million less than in 2019. The decline can largely be explained by the actions of universities to shed workers in response to the pandemic. Figure 3 shows that employee costs represent

the largest proportion (59%) of university expenses. This includes salaries, superannuation and pension contributions, payroll tax, leave entitlements and workers compensation for academic and non-academic staff. Employee costs thus became the first target of cost cutting efforts during the pandemic, dropping \$989 million between 2019 and 2020. That decline in compensation was almost 4 times the drop in total expenses; perversely, universities expanded non-compensation costs even as they were slashing payrolls and staffing levels.

Figure 3: Expenses by type for public universities, 2020



Source: Author's calculations based on DESE (2021) *Higher Education Providers Finance Tables*

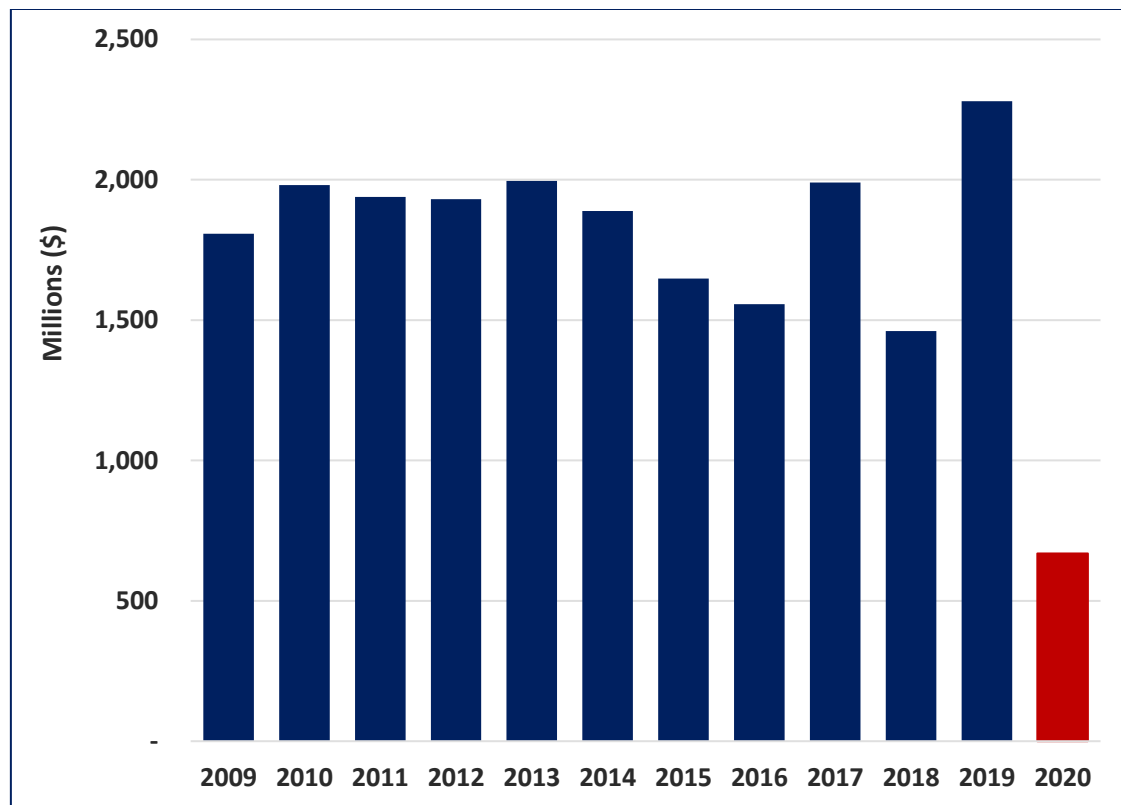
The share of expenses represented by employee costs varies between 52 per cent and 71 per cent depending on the university. Labour costs make up a bigger proportion of expenses for some universities including Notre Dame, Southern Queensland, Australian Catholic University and Flinders. On the other end of the spectrum, employee costs make up the smallest proportion of expenses for Swinburne, Federation University, Western Sydney and Monash. The Group of Eight universities sit squarely in the middle.

Surpluses and deficits

The combined annual surpluses of universities (the net revenue left over after expenditure) was \$669 million in 2020, down from \$2.3 billion in 2019. This represents a surplus margin of 1.9 per cent – the lowest since 2008. From 2009 through to 2020,

the average surplus margin was 6.9 per cent. The steep drop in the combined surplus is mostly due to the decline in private sources of revenue resulting from border closures and reduced investment income, partially offset by reductions in expenditures.

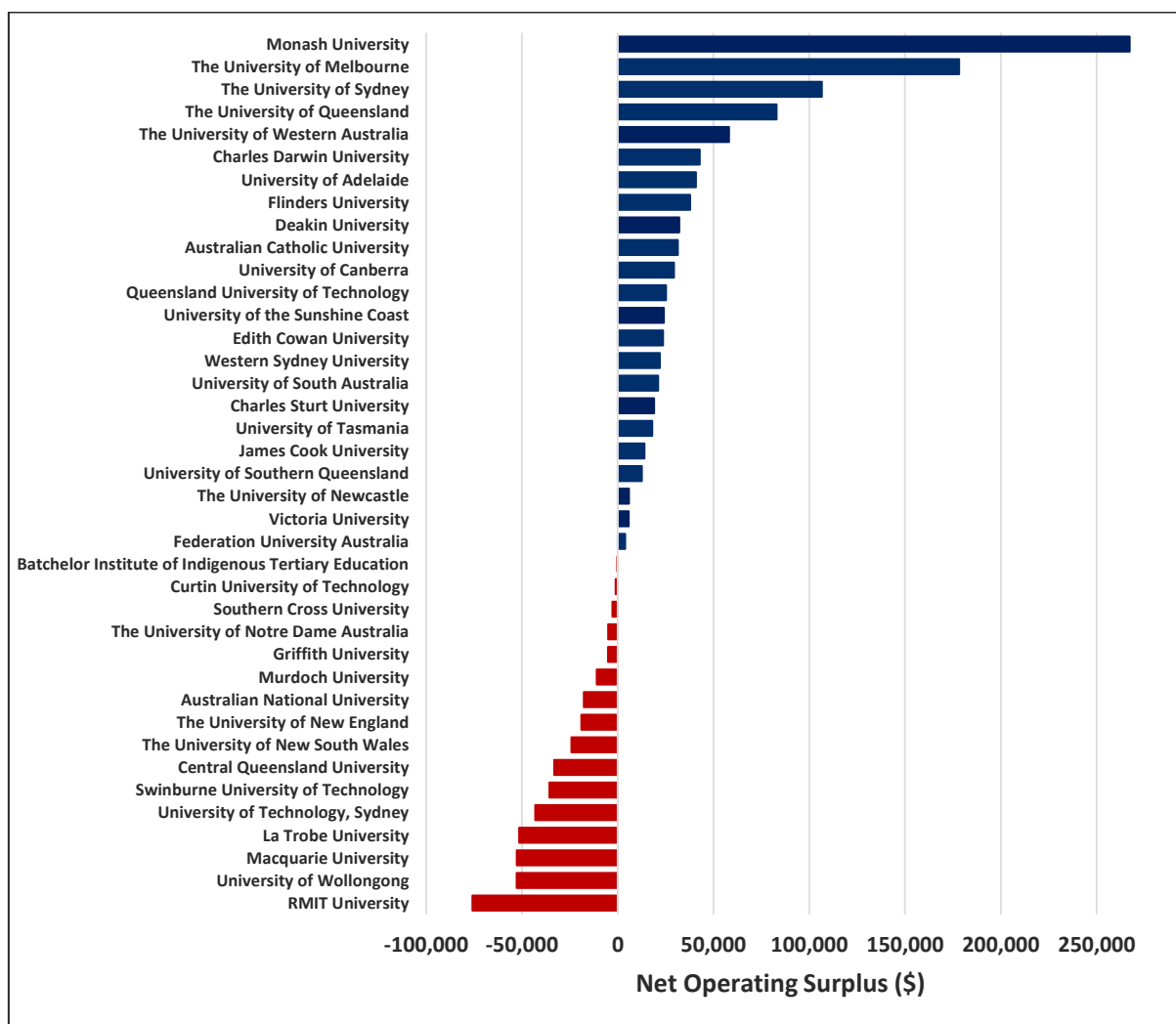
Figure 4: Net operating surplus, public universities, 2009-2020



Source: Author's calculations based on DESE (2021) *Higher Education Providers Finance Tables*

Whilst this net budget balance for the combined university sector is still positive, negative net margins (or deficits) were recorded by many individual universities. Out of the 39 universities included in this analysis, 16 reported a deficit in 2020, as shown in Figure 5. This is compared to only four institutions reporting a deficit pre-pandemic in 2019. This speaks to pre-existing issues in the hybrid funding model for public universities, but also highlights the significant vulnerability introduced by over-reliance on private sources of revenue. The slim surplus margin in the broader sector (alongside significant deficits incurred in many institutions) will provide very little buffer for universities over the subsequent years of the pandemic and its continued fall-out.

Figure 5: Net operating balance by university, 2020



Source: DESE (2021) Higher Education Providers Finance Tables

There is significant disparity between the revenue, expenses, and surpluses of public universities in Australia. Three universities make up 83 per cent of the total combined surplus for the whole the sector: Monash University (\$267 million), the University of Melbourne (\$178 million) and the University of Sydney (\$106 million). Surpluses at the other institutions are much smaller, and largely offset by the deficits booked at the 16 institutions facing red ink.

Growing imbalance in financial performance between universities is indicative of rising instability in the higher education system. Rising competition generates perverse incentives as universities invest in greater marketing to attract students, compromising the overall health of the sector. For example, Monash University has a large enough surplus to cover the revenue shortfall for all 16 of the universities in deficit. In a state government public education system, such swings and roundabouts are routinely

managed through cross-subsidisation, with surpluses in some schools absorbed within an integrated funding envelope across the whole system.

Universities responded to the financial pressures of the pandemic by cutting expenses, primarily by reducing in labour costs through mass job cuts.

PANDEMIC JOB LOSSES

Before COVID-19, employment in tertiary education had been growing strongly: by about 10 per cent per year on average from 2015 through 2020. Universities did not substantially reduce employment during the initial lockdowns – due to contractual commitments for the academic year, uncertainty about how long the crisis would last, and hope that government aid would be forthcoming. Soon, however, thousands of casual employees began to lose their jobs.

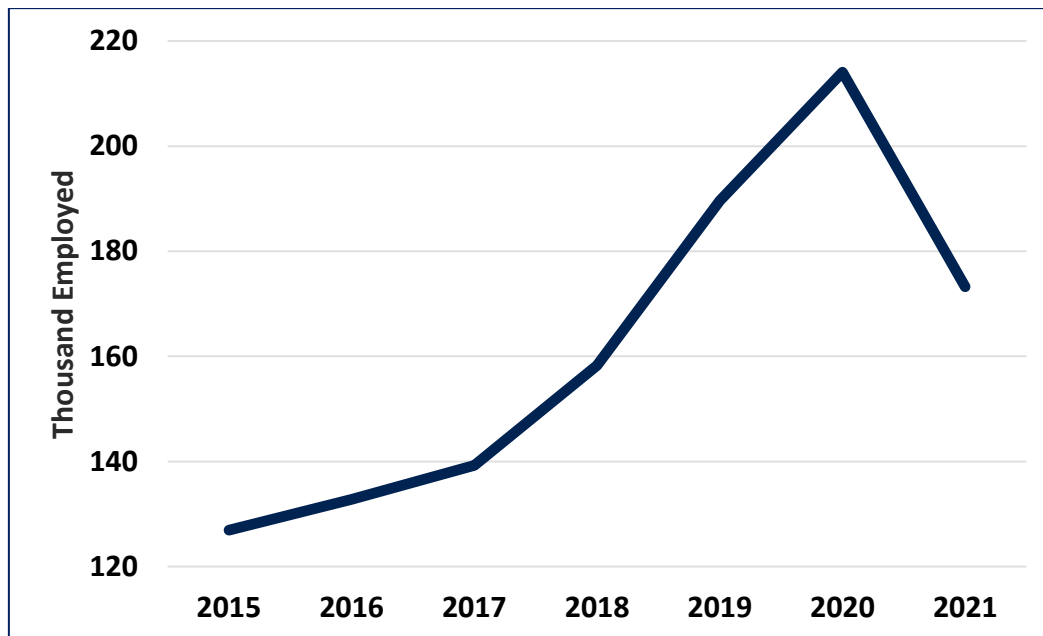
By the time the 2021 academic year began, however, job cuts were being experienced in full force. Academic employment shows strong seasonal patterns, so it is best to measure job changes on a year-over-year basis. During the 12 months to May 2021 (the first year after initial COVID lockdowns), total tertiary education employment fell by almost 40,000 positions (see Table 1). Over 90 per cent of those positions were full-time. That toll was worse during that year than any other non-agricultural sector in Australia's entire economy. These heavy job losses occurred even as Australia's economy was rebuilding strongly after the initial lockdowns: in the same period, the national labour market created almost 1 million jobs (over 400,000 of them full-time).

Table 1		
Job Losses by Sub-Industry May 2020 to May 2021		
Sector	Total Jobs Lost (000)	Full-Time Jobs Lost (000)
Tertiary education	-39.2	-36.6
Building construction	-30.9	-24.2
Residential care	-25.7	-6.7
Electricity supply	-19.9	-18.3
Broadcasting	-18.3	-15.3
<i>Source: Centre for Future Work calculations from ABS Labour Force, Detailed.</i>		

Like other sectors, tertiary education reflects a mixture of public and private (for-profit) operation. Public tertiary institutions account for about three quarters of total employment. Private vocational colleges, and a handful of private universities, make up the rest of tertiary education. Unfortunately, more than 100 per cent of total tertiary job losses in the first half of 2021 occurred in public institutions. Employment

in public tertiary institutions during the first half of 2021 fell 41,000 positions below year-earlier levels (Figure 6). That was offset partly by small job gains in private institutions.

Figure 6: Public Tertiary Education Employment



Source: Centre for Future Work calculations from unpublished ABS data; first-half-year averages.

Within the public tertiary sector, universities account for about 80 per cent of total employment (with TAFEs and other public vocational institutes accounting for the remainder; data from 2016 census). No current data is available regarding the split of job losses between universities and TAFEs. But based on that pre-pandemic distribution of employment, it is safe to assume that around 35,000 jobs (and possibly more) were lost in universities in that year.³ The extent and speed of recovery from those pandemic job losses depends on many as-yet unknown factors, including recovery in international student arrivals and enrolments, hiring strategies by the universities, and fiscal support from the federal government. By November 2021, job losses in tertiary education had narrowed – but employment was still below pre-pandemic levels (and even lower than tertiary employment five years earlier).

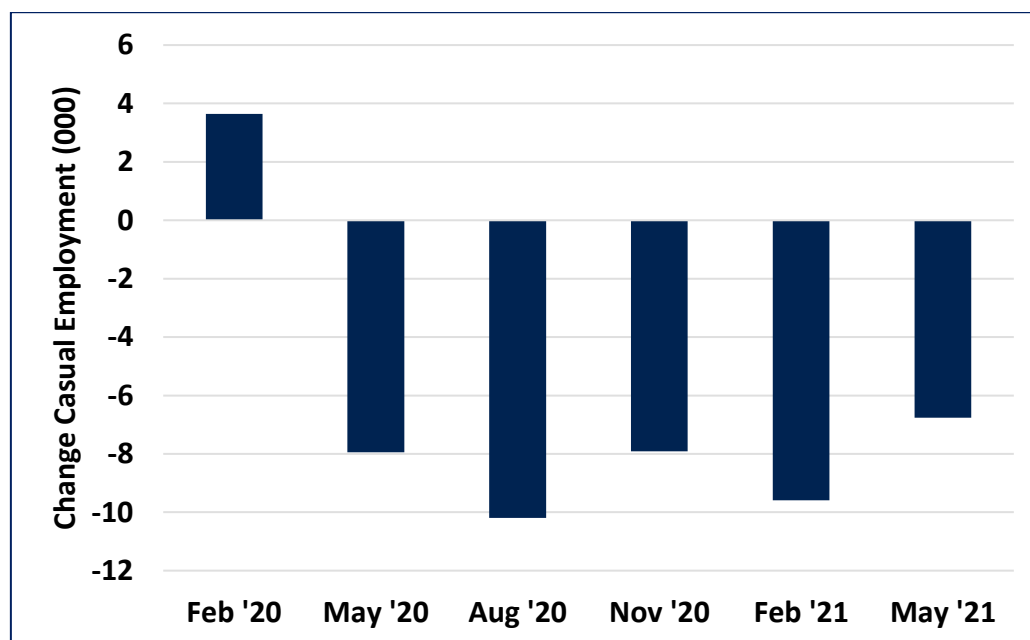
³ Calculation based on 2016 census data.

MORE CASUALISATION

It is not just the reduced quantity of work in universities that is the problem; the deteriorating quality of work is also a major concern for both workers in the sector, and the quality of education they can deliver. Australian universities have been experiencing an epidemic of casual employment for years, including overuse of sessional instructors and other casual positions. Casual employment denies basic job security and entitlements to workers and allows employers to shed staff quickly and costlessly when they desire. To invoke the language of former Finance Minister Mathias Cormann,⁴ this is a 'design function' of casual employment, and it was activated when the pandemic hit: large numbers of casual staff were discarded by universities within months of the onset of the pandemic.

By the May quarter of 2020, nearly 8000 casual jobs had already been shed from tertiary education. The loss of casual jobs accelerated, reaching 10,000 positions (relative to year-earlier levels) by late 2020. This trend abated somewhat towards the end of the 2021 academic year. Universities are now re-hiring some casual staff, even as permanent jobs are cut.

Figure 7: Casual job losses relative to 2019

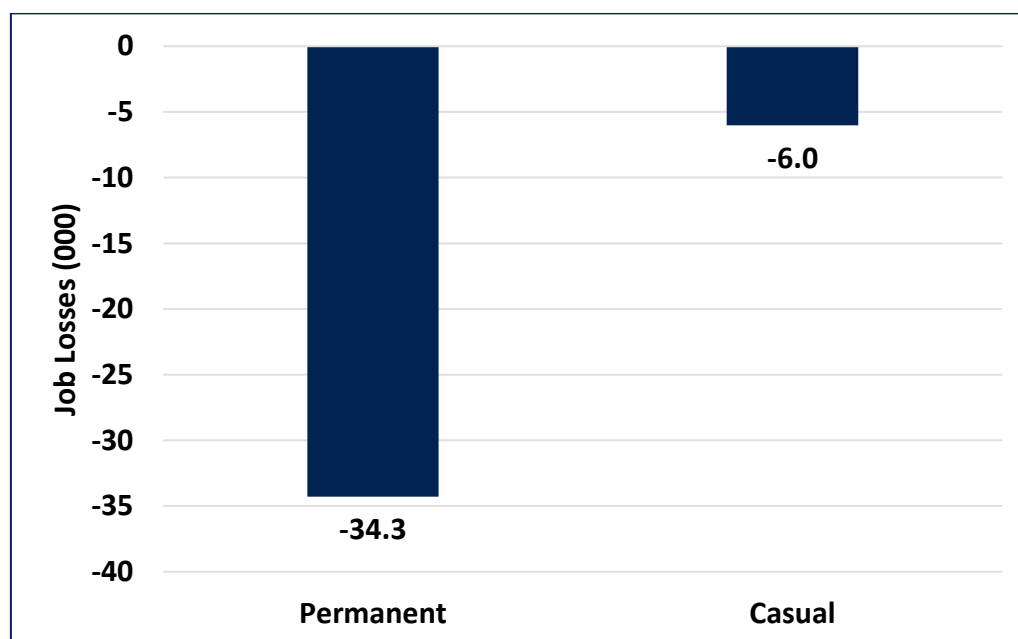


⁴ John Quiggin (2019) "Ultra low wage growth isn't accidental. It is the intended outcome of government policies," The Conversation, 17 March, <https://theconversation.com/ultra-low-wage-growth-isnt-accidental-it-is-the-intended-outcome-of-government-policies-113357>.

Source: Centre for Future Work from ABS unpublished data. Compares quarterly data to corresponding 2019 quarter; public tertiary education.

In 2021, however, permanent staff faced the main job losses. Having had time to adjust staff plans in light of the pandemic and the loss of international students, university administrations began to attack permanent positions with a vengeance. Year-over-year permanent employment (defined as positions with normal paid leave entitlements) in public tertiary education declined by over 34,000 jobs in the first half of 2021 (relative to year-earlier levels; Figure 8). That represents 84 per cent of job losses experienced by the whole sector that year. And by the May quarter, as universities increased their casual hiring, permanent jobs represented all of the net job loss compared to year-earlier levels.

Figure 8: Casual and permanent job losses, first half of 2021



Source: Centre for Future Work from ABS unpublished data; first-half 2021 relative to year-earlier levels, public tertiary education.

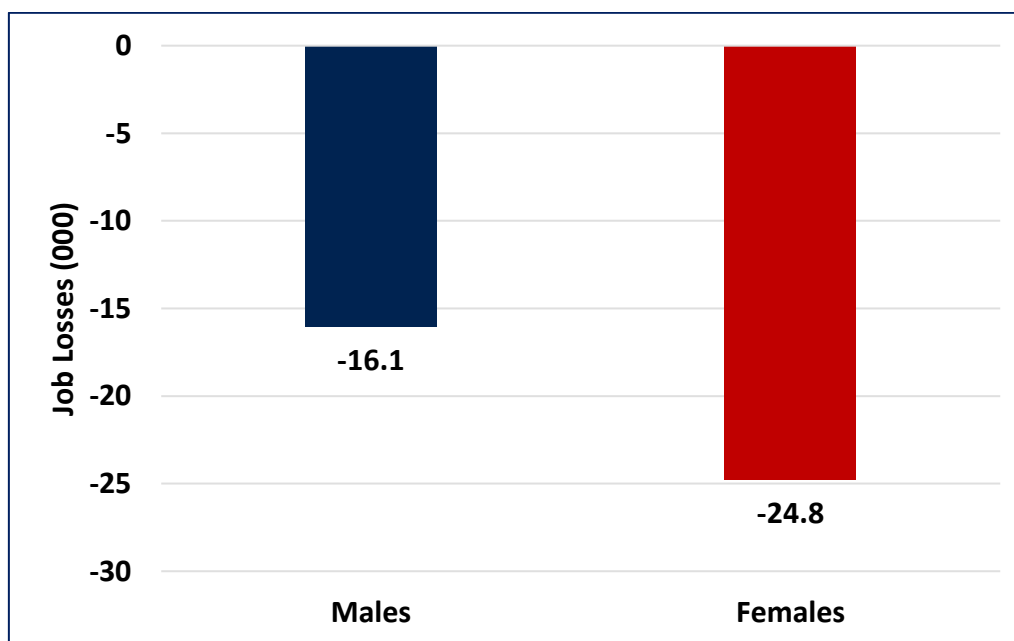
The continuing loss of permanent positions, combined with some gradual recovery in casual hiring, is thus causing a resurgence in the overall incidence of casualisation in Australian universities. Across the whole sector, casual staff accounted for 22.4 per cent of total employment by the May quarter of 2021. That was up by half from temporarily reduced casual employment rates recorded earlier in the pandemic (when thousands of casual staff were displaced, but before permanent job losses began to accumulate).

Without urgent measures to limit casual hiring (including sessional instructors and other casual teaching staff), and protect permanent employment, the scourge of casualisation in Australian universities will clearly get worse in coming years.

DIFFERENTIAL GENDER IMPACTS

Employment in public tertiary education is relatively feminised. Over the 5 years before the pandemic, women held 58 per cent of all jobs in the sector. Employment in tertiary education (like other public services) is an important source of good, relatively well-paid jobs for women that helps to offset overall gender inequality in Australia's labour market. The loss of employment in universities, therefore, is especially painful for women's economic situation: both because women make up most of the higher education workforce, and because those jobs are especially important to women's overall economic well-being.

Figure 9: Job losses by gender, first half of 2021



Source: Centre for Future Work from unpublished ABS data; first-half 2021 compared to year-earlier levels; public tertiary education.

Of the 41,000 jobs lost from public tertiary education in the first half of 2021 (compared to year-earlier levels), some 25,000 were incurred by women employees (Figure 9). That represents 61 per cent of job losses in the year – slightly higher than women's proportion of total employment in the pre-pandemic period. Thus, in both absolute and relative terms, women bore a disproportionate share of total job losses during the initial year of the pandemic.

However, this is not the whole story. During early 2020, when the sector was still growing (relative to year earlier levels), job growth was weaker for women (10%) than for men (12%). This reflects women's greater concentration in casual positions (which then began to decline sooner in the pandemic than permanent roles), and the intense challenges faced by women to combine paid work with family and caring responsibilities (especially given disruptions in schools and early child education services during the lockdowns). Therefore, during both 2020 and 2021 women experienced a larger share of the impacts of university job cuts. And women's greater precarity of employment in the first place (disproportionately concentrated in casual positions), and generally heightened economic insecurity, make these gender dimensions of higher education job cuts especially painful.

Higher education policy and finances

The pandemic has caused severe financial challenges for higher education. But this crisis is not the product of the pandemic. It reflects years of bipartisan support for neoliberal higher education policy. Since the re-introduction of university fees in the mid-1980s, higher education policy and reform in Australia has been influenced by the economic and political agenda of commercialisation, deregulation, privatisation, and funding cuts. Withdrawing public financing and subjecting universities to market pressures has forced universities to seek additional sources of revenue within the private sector.

Australia's level of public investment in higher education has been on a sobering decline since the 1980s, when it constituted 90 per cent of university revenue.⁵ Today, public spending represents just 52 per cent of university revenue, including HELP funding. This decline in public support has been overseen by successive Australian governments which deregulated international student and postgraduate coursework fees, subsidised the private higher education market, and implemented study loan schemes in order to reintroduce domestic student fees – all measures that concealed the government's defunding of core university activities.

More recently, the federal government cut the level of public funding per student under the Job-Ready Graduates (JRG) reforms, and has made diminishing public funding contingent on enrolments within degrees that align with commercial interests. Examples of other recent policy changes restricting university research and learning independence include the introduction of ministerial grant vetoes, the National Priorities and Industry Linkage Program, University Commercialisation Scheme, and the Trailblazer Universities Initiative. Framing university education and research in purely commercial value terms, focused on industry needs, is part and parcel of a wider program to align universities economically and culturally with the private sector, and the production of commodities for sale (including education) – rather than seeing universities as providers of an essential public service.

The neoliberal higher education policy agenda shows no signs of slowing, with the recent Budget 2022-23 locking in future cuts to public university funding. This section

⁵ Raewyn Connell (2015) *The knowledge economy and university workers*, Australian Universities' Review, 57:2:91-95

will examine the impact of recent higher education policy changes and low international student enrolments on the future of university revenue.

CURRENT POLICY

To understand the future of higher education, we must first review current policy settings and the ways in which they are reshaping the activities of universities.

Job-Ready Graduates reforms

In June 2020, federal Education Minister Dan Tehan announced changes to the funding arrangements for higher education, aimed at producing more 'job-ready' graduates.⁶ According to the Minister, the JRG reforms have three main objectives: to improve accessibility for regional students, strengthen relationships with business, and increase the number of graduates in areas of expected employment growth (including teaching, nursing, agriculture, STEM and IT).

In pursuit of the latter, the government introduced legislation that changes both the level of government funding and student fees to incentivise enrolment in professions considered most important for economic recovery, and in areas of future employment growth. At the same time, students now face higher fees for degrees deemed of lower value. Using these reforms, the government concurrently assessed most degrees (including in growth areas) as over-funded, resulting in a decline in total government funding to universities per student. The reforms came into effect in January 2021. The government claims they will create up to 39,000 new university places by 2023 and 100,000 places by 2030.⁷ Further analysis of the conflicting incentives resulting from the fee and funding changes is provided below.

Federal Budget 2021-22

The 2021-22 federal budget largely ignored the devastating impact of the pandemic on university finances. The budget papers show that nominal funding for higher education fell by 6.5 per cent (\$741 million) in 2021-22, and will decline by 9 per cent in real terms⁸ over the forward estimates. The decline in ongoing funding over the forward

⁶ The Hon Dan Tehan MP (2029) *Minister for Education Dan Tehan National Press Club address*, <https://ministers.dese.gov.au/tehan/minister-education-dan-tehan-national-press-club-address>

⁷ The Hon Dan Tehan MP (2029) *Minister for Education Dan Tehan National Press Club address*, <https://ministers.dese.gov.au/tehan/minister-education-dan-tehan-national-press-club-address>

⁸ Between 2021-22 and 2024-25 based on the 2021-22 budget forward estimates of CPI.

estimates can largely be attributed to the impact of the JRG reforms on Commonwealth Grant Scheme (CGS) funding. The government's decision to cut funding to universities despite the chasm in university finances left by reduced international student enrolments, is shocking.

The 2021-22 budget was deemed an expansionary "recovery budget," however there was little new funding for university programs to offset those reductions in core funding channels.⁹ A special \$1 billion grant for research universities received in the 2020-21 budget to assist with pandemic-related revenue losses was not renewed, despite the ongoing pressure on universities resulting from the closed international boarder. Moreover, this special one-off research funding disproportionately favoured the Group of 8 Universities, exacerbating inequality between institutions across the sector. New funding took the form of waiving regulatory fees and incentivising the commercialisation of research:

- \$1.1 million over two years to incentivise universities to enrol students in 'Industry PhDs': research projects with an industry-focus that assist with translating university research into commercial outcomes.
- \$30.3 million over four years to waive eligible Australian Skills Quality Authority (ASQA), Tertiary Education Quality and Standards Agency (TEQSA) and Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) fees and charges, \$11.4 million over four years to simplify charging for CRICOS activities, and \$7.7 million over four years to lower TEQSA fees and charges for smaller higher education providers.

Of the new expenditure allocated to higher education, the government prioritised private providers. It announced \$53 million to support private higher education providers to attract more Australian students and grow offshore and online delivery of education.¹⁰

- \$26.1 million over four years to attract more domestic students through offering more short course places.
- \$9.4 million offered through grants of up to \$150,000 to support online and offshore education delivery models.

⁹ Worthington (2021) *Decade of budget deficits ahead as government spends billions to recover pandemic-hit economy*, <https://www.abc.net.au/news/2021-05-11/federal-budget-2021-frydenberg-decades-deficits/13337336>

¹⁰ The Hon Alan Tudge MP (2021) *More support for international education providers*, <https://ministers.dese.gov.au/tudge/more-support-international-education-providers>

- \$0.3 million over four years to extend the existing FEE-HELP loan fee exemption by six months to 31 December 2021.

Reforms to research

Between the budget in May 2021 and March 2022, the federal government announced other policies that will impact research funding for universities:

Reforms to the Australian Research Council (ARC) were announced in December 2021. The changes to the Council's governance model seek to align the ARC with the government's "research commercialisation agenda".¹¹ The acting Minister announced four reforms with the main goal of redirecting ARC money into applied research and thus away from supposedly more 'esoteric' or theoretical research pursuits:

- The Linkage Program, which supports non-university partnerships, will receive 40 per cent of ARC funding. Of this funding, 70 per cent will be allocated in line with the government's National Manufacturing Priorities, to areas including defence, space, resources, technology, food and beverages, clean energy, and medical products.
- The ARC will increase the use of the National Interest Test (NIT) in determining funding recommendations, including the involvement of industry representatives and other end-users in the assessment of NIT statements.
- Implementation of the recommendations from the review of Excellence in Research for Australia and Engagement and Impact will be fast-tracked. This was an evaluation of all research produced in Australian universities against national benchmarks. The expectation is that adopting the recommendations will increase industry engagement and the assessment of research based on its commercial impact.
- A commitment will be developed to help "align the ARC strategic agenda with government priorities, improve governance and drive innovation" in research funding and impact assessment.¹²

Moreover, on the 24th of December, acting Education Minister Stuart Robert vetoed six humanities research applications approved by the ARC. He did so on the grounds that they "do not demonstrate value for taxpayers' money nor contribute to the national

¹¹ The Hon Stuart Robert MP (2021) *New direction for the Australian Research Council to help secure Australia's recovery*, <https://ministers.dese.gov.au/robert/new-direction-australian-research-council-help-secure-australias-recovery>

¹² The Hon Stuart Robert MP (2021) *Letter of Expectations from Minister to ARC*, <https://www.arc.gov.au/letter-expectations-minister-arc>

interest.”¹³ This ministerial power to veto ARC research funding approvals signals that the government is willing to openly interfere in university research funding, seriously damaging the integrity and independence of the ARC.

In February 2022, the government announced the *University Research Commercialisation Action Plan*, a \$2.2 billion investment to encourage research with commercial value and collaboration between university researchers and industry. This funding is dedicated to four initiatives to push within that broader agenda.

A *Trailblazer Universities initiative* will provide funding to four universities (to be determined) to build their commercialisation capacity, particularly in the fields of defence, space, food and beverage, media products, recycling and clean energy, and resources and critical minerals.¹⁴ The intention is to signal to other universities that a focus on commercialisation and industry engagement will be financially rewarded. The initiative was announced in November 2021 and is worth \$243.5 million over four years.¹⁵

In his announcement speech, Prime Minister Scott Morrison said, “This publish or perish mindset is useful for getting tenure but does little to spur innovation or create start-ups. Universities need to shift incentives towards high value commercial opportunities, to industry needs and national priorities.”¹⁶

Australia’s Economic Accelerator (AEA) is a research funding program designed to speed up the translation and commercialisation of research. The program is worth \$1.6 billion, which will be distributed in the form of grants to projects that align with the six National Manufacturing Priorities with high commercial opportunity. Not all this funding will be dedicated to university research, private sector applications are also eligible to receive grants.¹⁷

The CSIRO’s *Main Sequence Ventures* will be expanded under the Action Plan, with an additional \$150 million investment. Projects which received funding via the AEA will

¹³ Australian Financial Review (2021) *Politicisation of research grants ‘beggars belief’*, <https://www.afr.com/policy/health-and-education/politicisation-of-research-grants-beggars-belief-20211226-p59k6j>

¹⁴ Morrison et al (2021) *Trailblazer Universities to build jobs of the future*, <https://ministers.dese.gov.au/morrison/trailblazer-universities-build-jobs-future>

¹⁵ DESE (2022) *University Research Commercialisation Action Plan*, <https://www.dese.gov.au/university-research-commercialisation-package/resources/university-research-commercialisation-action-plan>

¹⁶ Morrison (2021) *Virtual address, business council of Australia annual general meeting, speech*, <https://www.pm.gov.au/media/virtual-address-business-council-australia-annual-general-meeting>

¹⁷ DESE (2022) *Australia’s Economic Accelerator*, <https://www.dese.gov.au/university-research-commercialisation-package/australias-economic-accelerator>

then be able to compete for additional funding through the Main Sequence Ventures program, by proving project viability and commercial potential. The combination of these two programs is aimed at supplying investment during the early stages of research when projects are most vulnerable to failure.

The last initiative under the Action Plan increases funding for *Industry-focused PhDs and fellowships*. The government will establish 1,800 industry PhD and over 800 research fellowship schemes over 10 years. These are designed to increase research collaboration with the private sector and to incorporate industry knowledge of how to commercialise research output in the workforce of universities.¹⁸

These measures will severely compromise research outcomes. Arts and humanities research is significantly reduced, as well as scientific pure research that does not meet arbitrarily narrow, sector-specific business priorities. This long-term, pure research delivers enormous economic and social benefits. For example, until 2020 mRNA vaccines were entirely “blue sky” and esoteric, globally funded primarily through public pure research efforts. In Australia, in contrast, coronavirus research was systemically ignored by research agencies (including ARC and NHMRC) in the decade before 2020. Now mRNA vaccines have been proven and applied to great benefit in the fight against COVID – providing just one example of the payoff from long-term public investments in pure research.

In sum, the Action Plan will clearly further increase the government’s involvement in choosing what kind of research can and cannot take place at public universities. While this new funding is significant, its strong ties to commercial interests raise further concerns about the integrity and breadth of Australia’s overall research policy.

Federal Budget 2022-23

Higher education missed out on much needed funding and reform again in the 2022-23 federal budget. Nominal ongoing funding dedicated to higher education will drop by \$115 million over the three years between 2021-22 and 2024-25, before increasing in the last year of forward estimates.¹⁹ Real funding for the sector (after adjusting for inflation) will decline by \$536 million or 5 per cent in 2022-23, and by \$354 million or 3.4 per cent over the forward estimates.²⁰ Similar to the last budget, the government

¹⁸ DESE (2022) *University Research Commercialisation Action Plan*, <https://www.dese.gov.au/university-research-commercialisation-package/resources/university-research-commercialisation-action-plan>

¹⁹ Australian Government (2022) *Budget paper No. 1: Budget Strategy and Outlook*, page 150, <https://budget.gov.au/2022-23/content/documents.htm>

²⁰ These real funding estimates are calculated according to CPI forecasts also contained in the budget.

attributes the decline in expenditure to “lower costs under the Commonwealth Grant Scheme as a result of the Job-ready Graduates higher education reform package”.²¹

Research was the main beneficiary of new funding for the sector in the budget. But much of the new funding for research had already been announced, including the \$2.2 billion package dedicated to initiatives in the *University Research Commercialisation Action Plan*. In the budget, the government announced funding for the AEA grants program, the new Industry PhDs and fellowships, and the Main Sequence Ventures program – but none of this was new funding. The only new funding was \$37.4 million over 4 years to establish CSIRO’s Research Translation Start program to help take research from the lab into the market.²² This new funding won’t exclusively be dedicated to university research.

Australia needs a higher education system that is ready and able to meet our future research and workforce needs. Instead, the government has used the budget as another opportunity to remove real resources from public higher education, and tighten corporate influence over the activities of our universities.

TRAJECTORY OF REVENUE

The recent history of higher education policy bakes in public funding cuts for Australian universities over the next four to five years. Simultaneously, while the worst of the pandemic seems to be behind us, the financial implications of the crisis are still unfolding. International students can now return to study in Australia; however, the process will be slow, and universities may never regain lost enrolments. The interaction between the government’s policy agenda and the global environment will shape what comes next for Australian universities. For some universities’ revenue is likely to continue declining in the short-term, particularly those that rely heavily on international student fees, those that do not have high investment income and those that cannot easily compete for new commercial research grant funding.²³ This section will extrapolate historical trends to estimate the scale and shape of impacts on university revenue in the next couple of years.

²¹ Australian Government (2022) *Budget paper No. 1: Budget Strategy and Outlook*, page 150, <https://budget.gov.au/2022-23/content/documents.htm>

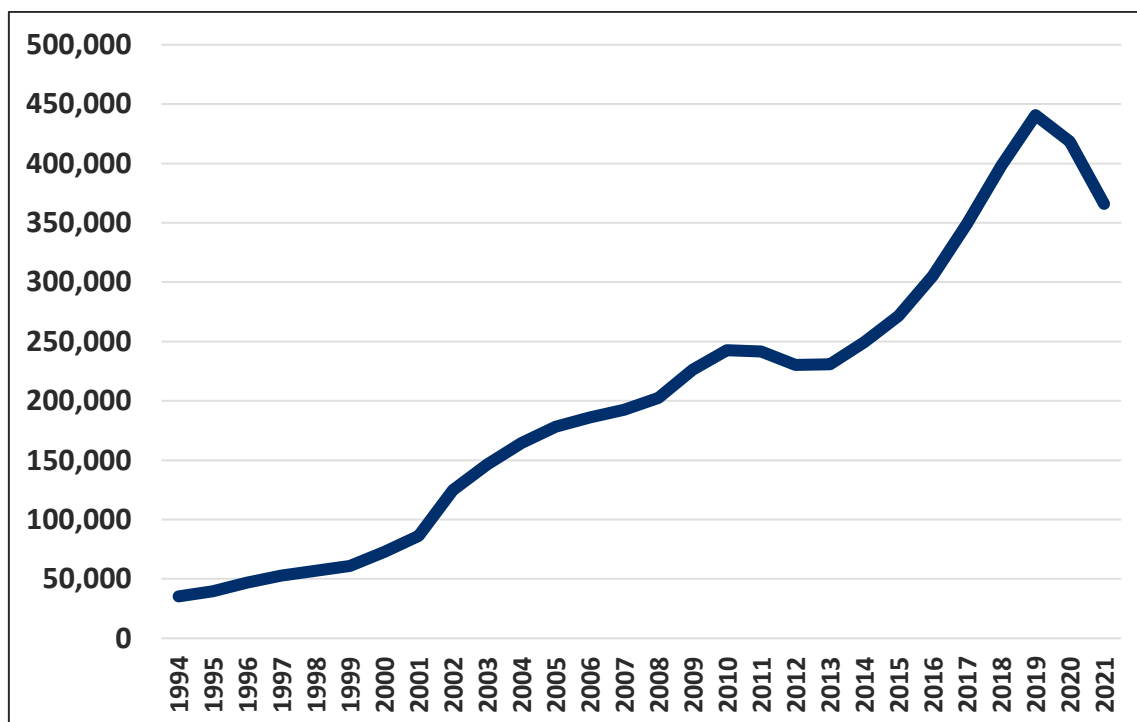
²² Australian Government (2022) *Budget paper No. 2: Budget Measures*, page 74, <https://budget.gov.au/2022-23/content/documents.htm>

²³ CEDA (2021) *International student numbers won’t recover until 2028*, <https://www.ceda.com.au/NewsAndResources/News/Education/International-student-numbers-won%E2%80%99t-recover-until>

International students

In 2019 – prior to the pandemic – revenue from international students accounted for 27 per cent of university revenue and public universities enrolled around 441,000 international students, making up 30 per cent of the student population.²⁴ It should be noted that students can be enrolled in more than one course, so enrolments are generally slightly higher than actual student numbers.²⁵ For example, if a student is enrolled in an English-Language course and a bachelor's degree, they will be counted twice.²⁶

Figure 10: International student enrolments 1994-2021



Source: DESE (2020) International student data 2020; DESE (2021) International student data – January 2022

Up until 2020, international student enrolments had been steadily increasing, as shown in Figure 10. In 2020, international student enrolments dropped 32,714 (6%),

²⁴ DESE (2021) *Higher Education Statistics: 2020 Student summary tables*, <https://www.desegov.au/higher-education-statistics/resources/2020-student-summary-tables>

²⁵ Students are counted as enrolled if they have left Australia temporarily, but not if they are moving between

²⁶ DESE (n.d.) *Explanatory notes for international student enrolment data*, <https://internationaleducation.gov.au/research/international-student-data/Pages/ExplanatoryNotesforAEIStudentEnrolmentData.aspx>

resulting in a drop in international student fees of \$756 million (7.6%).²⁷ This is a significant amount, however the impact of the pandemic on international student revenue was dampened in 2020, as the majority of international students starting study in 2020 had already arrived by the time the border closed in March.

The international border remained closed to international students throughout 2021. Accordingly, enrolments fell by 52,579 or 13 per cent in 2021 compared to 2020, and by 17 per cent compared to 2019.²⁸ This is estimated to result in a decline of between 13-15 per cent in international student revenue for 2021 compared to 2020. Not only are enrolments and revenue below pre-pandemic levels, but universities have also missed out on the growth that would have otherwise occurred.

As of December 2021, vaccinated international students were allowed to enter Australia again, but the timing and pace of returns, and quarantine requirements upon arrival, differ from state to state.²⁹ The pandemic continues globally, and uncertainty remains as to whether the virus will cause significant disruptions to travel and policy again. This could act as a deterrent to international students considering taking up study in 2022 and 2023. In January 2022, 201,052 international students enrolled at Australian universities, however this is down 23 per cent compared to January 2021 enrolment, and down 30 per cent compared to January 2020.³⁰

Looking further to the future, international students who would have enrolled had the pandemic not occurred, may have either delayed study or taken up offers in other countries with less restrictive border policies. Those foregone fees will impact university revenue for the full 3-4 years those students would have otherwise been in Australia completing their degrees. For all these reasons, the return to pre-pandemic levels of international student enrolments and revenues is expected to take years.

Until the onset of the pandemic, international student revenue had been growing on average by 11.8 per cent per year since 2008. Based on the assumption that this trend would have continued, over the next two years international student revenue is likely to be around 50 per cent lower than if the pandemic had not impacted enrolments. International students have become vital to the financial health of universities as

²⁷ DESE (2021) *Higher Education Trends – Chart Pack*,
<https://app.powerbi.com/view?r=eyJrIjoiazM5Y1MjQ3MjktYzUzNC00ZGRILWJiZDctY2U2NDA2Y2MzZjZiliwidCI6ImRkMGNmZDE1LTQ1NTgtNGIxMi04YmFkLVVhMjY5ODRmYzQxNyJ9>

²⁸ DESE (2022) *International student monthly summary and data tables*,
<https://www.dese.gov.au/international-data/international-student-monthly-summary-and-data-tables>

²⁹ Department of Home Affairs (2021) *COVID-19 and the border: International student arrival plans*,
<https://covid19.homeaffairs.gov.au/international-student-arrival-plans>

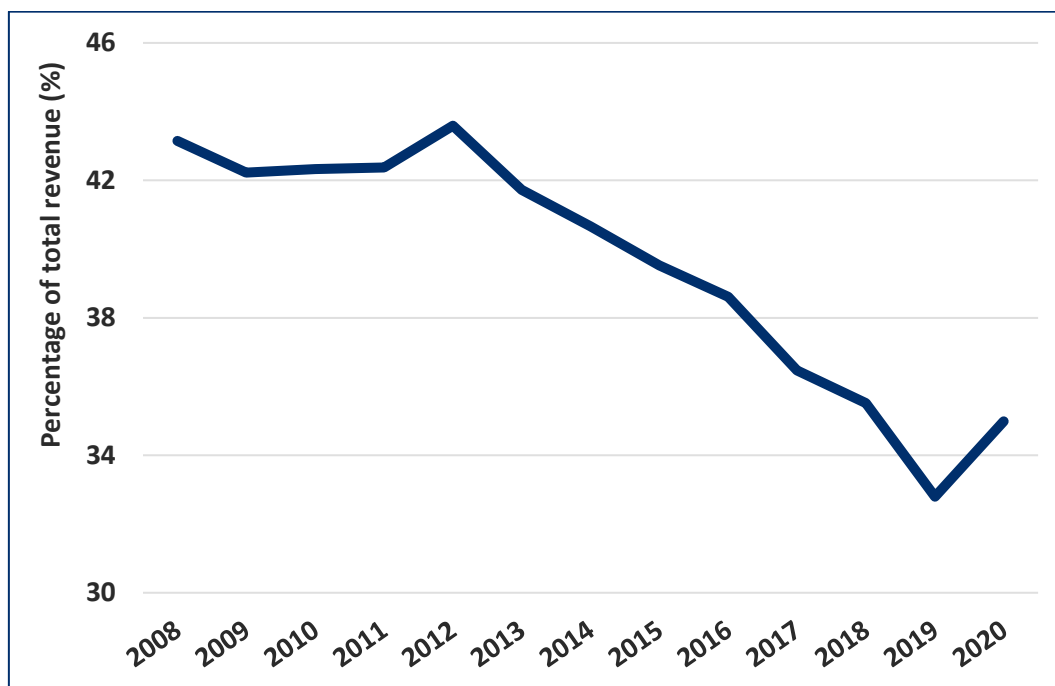
³⁰ DESE (2022) *International student monthly summary and data tables*,
<https://www.dese.gov.au/international-data/international-student-monthly-summary-and-data-tables>

public funding has been eroded. This has left the sector vulnerable to global exogenous shocks.

Government funding

The COVID-19 pandemic is not the only force contributing to declining university revenue. Funding cuts and deregulation since the 1980s have eroded government higher education expenditure. Government funding as a proportion of total university revenue has fallen from 80 per cent in 1989 to 33 per cent in 2019 (Figure 11).³¹ This measure of funding excludes HELP (since this program creates debt that is mostly repaid to the government by students).

Figure 11: Federal government funding as a proportion of university revenue (excluding HELP)



Source: Author's calculations based on DESE (2021) *Higher Education Providers Finance Tables*

The modest increase in the government funding share in 2020, to 35 per cent of total revenue, reflects the one-off \$1 billion special support for research, combined with the drop in private revenue during the pandemic. Without this additional research support, federal government funding would have represented only 32 per cent of

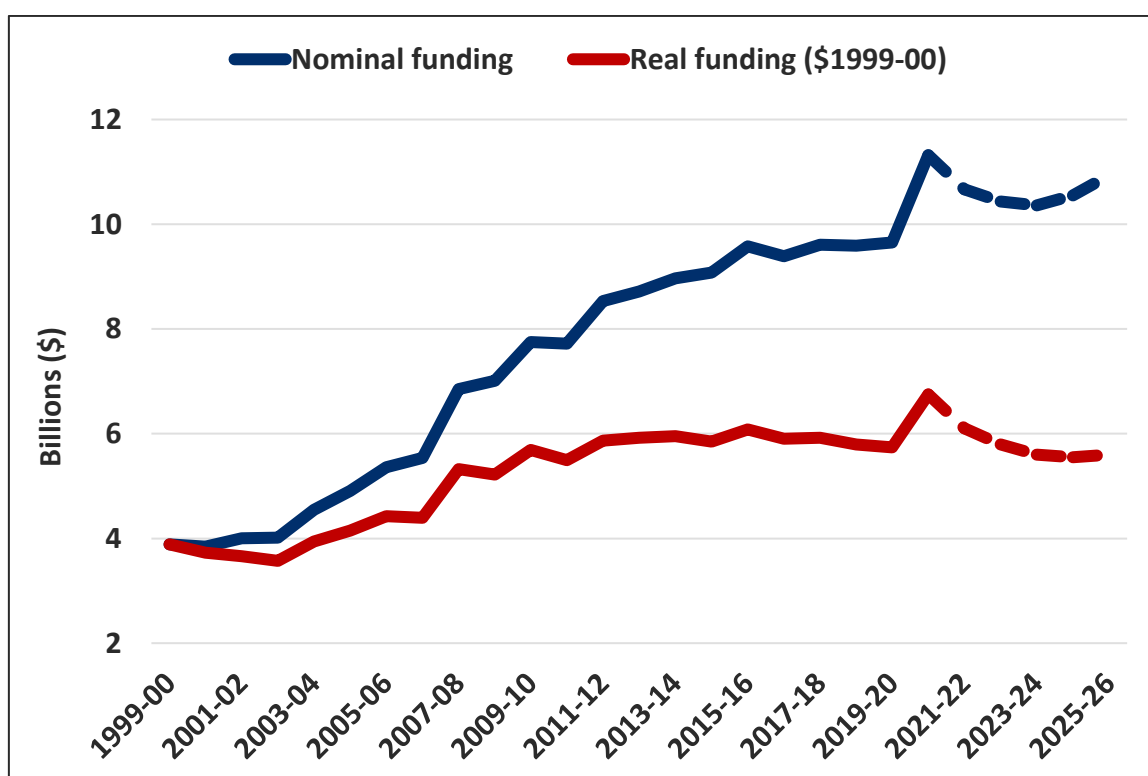
³¹ The University of Sydney (2020) *How universities came to rely on international students*, <https://www.sydney.edu.au/news-opinion/news/2020/05/25/how-universities-came-to-rely-on-international-students.html>

university revenue in 2020 (even lower than in 2019). The growth of nominal government funding has slowed almost to a halt: falling from 10.5 per cent growth in 2011-12 to just 0.7 per cent in 2019-20.³²

Federal government funding for higher education has not just fallen as a proportion of total university revenue, but also in real terms. Figure 12 shows that since the Coalition was elected in 2013, funding for higher education has declined by 2.6 per cent in real terms to 2022-23. This is despite growth in student enrolments of 23 per cent between 2013 and 2019, and the expectation of continued enrolment growth into the future.³³

It should be noted that the short-lived increase in real funding in 2020 reflects the \$1 billion in temporary funding for research, coinciding with very low inflation that year.

Figure 12: Federal funding for higher education nominal and real



Source: Authors calculations based on PBO's historical fiscal data, 2022-23 Budget Paper 1 and ABS CPI figures. Dotted lines are budget projections of future funding.

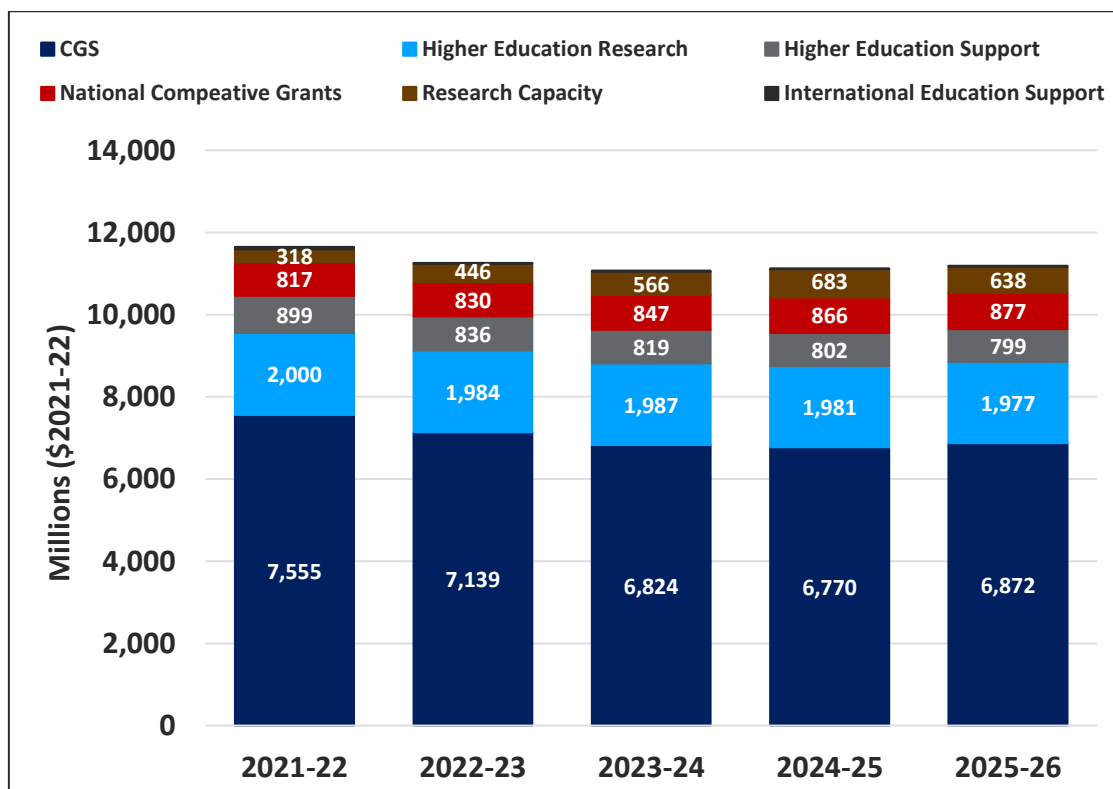
³² Parliamentary Budget Office (2022) *Historical fiscal data, 2022-23 Budget*, https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Data_portal

³³ DESE (2022) *uCube*, <http://highereducationstatistics.education.gov.au/>

Using the government’s own forward projections for funding outlined in the budget, real funding for higher education in 2025-26 will be \$879 million less compared to 2021-22, equating to an 8.2 per cent decline.³⁴

Figure 13 shows the forward estimates of direct government expenditure for higher education by function in real terms. Overall expenditure each year is slightly different to Figure 12 above, as it is based on data in the Department of Education, Skills and Employment’s 2022-23 Budget Portfolio Statement rather than Budget Paper 1.³⁵ Also note that this tally doesn’t include the government outlay on HELP, as the government will recoup most of these costs. The government plans to cut real funding to higher education by \$460 million or 4 per cent over the forward estimates.³⁶

Figure 13: Real funding for higher education by function, 2021-22 to 2025-26



Source: DESE (2022) 2022-23 Portfolio Budget Statement

However, this overall figure masks changes in funding by function. International Education Support, which is barely visible in Figure 13, will decrease by more than half

³⁴ Between 2020-21 and 2024-25 based on the Treasury forward estimates of CPI.

³⁵ DESE (2022) Portfolio Budget Statements 2022-23, <https://www.dese.gov.au/about-us/resources/portfolio-budget-statements-2022-23>

³⁶ Note: this is slightly different to the estimate cited earlier in the paper, as it is based on funding by function rather than funding dedicated to higher education.

over the forward estimates, resulting in \$33 million less government funding dedicated to growth of the international education sector.

Research funding will receive a significant boost as a result of the government's research commercialisation plan. Between 2021-22 and 2025-26 the government will increase real research funding by 12.8 per cent or \$298 million. This can largely be attributed to the additional funding announced for the National Collaborative Research Infrastructure Strategy and Trailblazer University initiatives. Research funding distributed through the ARC via the National Competitive Grants Program, will increase by 7.25 per cent in real terms between 2021-22 and 2025-26. While a funding boost for university research is much needed, as discussed above the funding is increasingly being tied to business interests, limiting the capacity of universities to undertake independent, public-good research.

Public funding to cover the cost of teaching, via the CGS, will take a 9 per cent hit over the forward estimates, worth \$683 million in real terms. As domestic enrolments are expected to increase over the forward estimates, cuts to CGS funding means real funding per student will fall dramatically. Cuts to CGS funding can be attributed to perverse impacts of the JRG reform package, which came into effect at the start of 2021.

Job-Ready Graduates

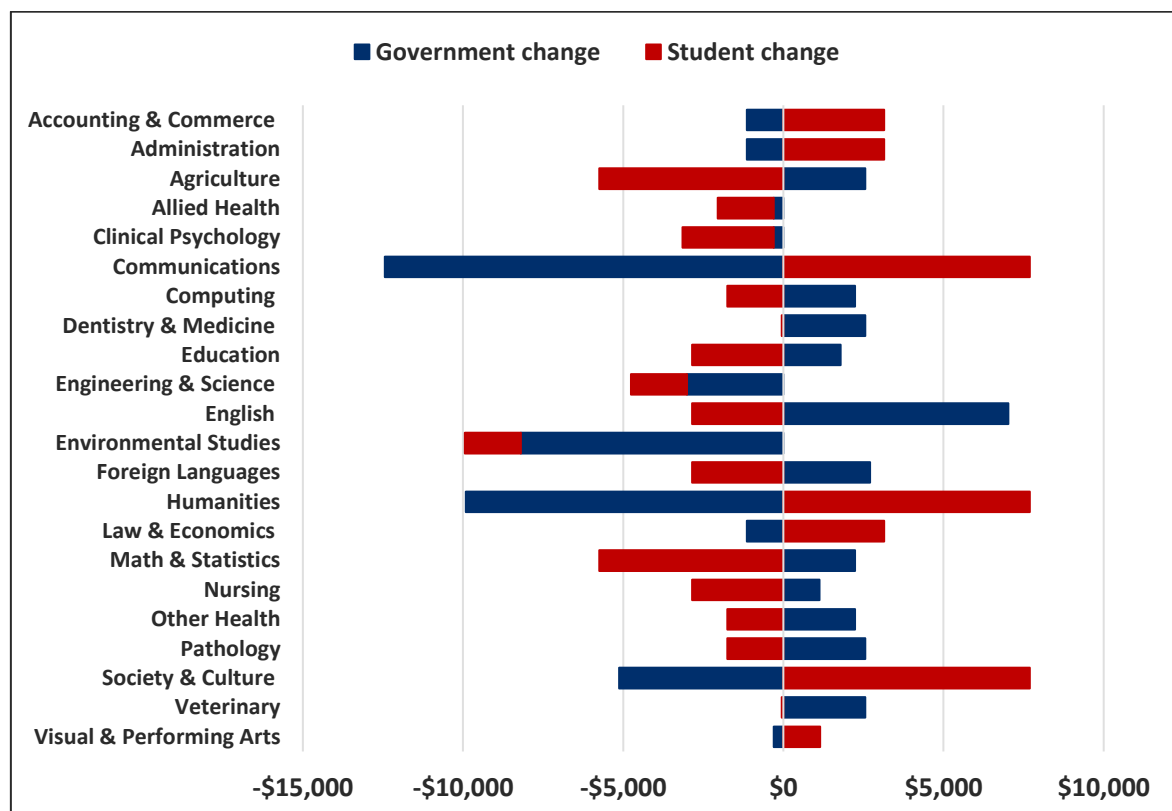
One of the objectives of the JRG reforms is to increase the number of graduates in areas of proposed current and future employment demand, such as science, technology, engineering and mathematics (STEM), agriculture, teaching, nursing, and IT fields. To this end, the government claims to have “rebalanced” student fees and funding contributions across fields of study to incentivise enrolment in areas of industry need and future growth.³⁷

Figure 14 shows changes to student contributions and government funding per student by field of study under the JRG program. Student contributions are falling for the government's priority degrees: by 18 per cent for engineering, science and IT, 42 per cent for nursing and education, and 59 per cent for math, statistics and agriculture. Universities have received more government funding per student for most of these degrees, but not for engineering and science programs (which actually saw a 16 per cent decline in government funding on top of the reductions in student fees).

³⁷ DESE (2020) *Job-ready Graduates Discussion Paper*, <https://www.dese.gov.au/job-ready/resources/job-ready-graduated-discussion-paper>

At the other end of the financing spectrum, student fees have increased by 113 per cent for humanities degrees, including society and culture, communications, behavioural science and social studies. Student fees have also increased by 28 per cent for economics, law, commerce and accounting. To make matters worse, government funding per student has dropped by between 50 per cent and 91 per cent for humanities, economics and law degrees. The exception to the trend for social sciences is English, linguistics and literature – which has received a 113 per cent boost in government funding alongside a decrease of 42 per cent in student fees.

Figure 14: JRG reform changes to government and student contributions



Source: APH (2020) Higher Education Support Amendment (Job-ready Graduates and Supporting Regional and Remote Students) Bill 2020

It is still unclear what impact this will have on supply and demand for different fields of study. The government's purported intention is to use changes in student fees as 'price signals' to encourage student enrolments in undergraduate programs with stronger demand from employers. However, humanities, law and economics still saw a 13 per cent increase in enrolments in 2021, up from a 1.4 per cent increase in 2020.³⁸ In

³⁸ Universities Admissions Centre (2021) *Undergraduate first preferences and offers by broad field of study (2016-20221)*, <https://www.uac.edu.au/media-centre/statistics/domestic-undergraduate-first-preferences-and-offers-by-broad-field-of-study-for-2017-18-admissions>

comparison, degrees with reduced prices for students under the JRG system saw a similar increase in enrolments; up 9 per cent in science and 13 per cent in engineering. This suggests that student demand is not being significantly impacted by the price ‘signals’ at this stage. However, the funding changes are likely to impact how many students are accepted into university per degree, particularly in the longer term.

Subjects	Change in total funding	% Change in total funding
Environmental Studies	-\$9,944	-29.1
Communications	-\$4,751	-23.3
Mathematics & Stats	-\$3,513	-17.0
Engineering & Science	-\$4,758	-16.4
Clinical Psychology	-\$3,151	-15.5
Behavioural Science & Social Studies	-\$2,219	-12.5
Agriculture	-\$3,194	-9.4
Allied Health	-\$2,045	-8.8
Nursing	-\$1,729	-7.9
Education	-\$1,066	-5.8
Foreign Languages	-\$151	-0.7
Information Technology	\$487	2.4
Other Health	\$487	2.4
Pathology	\$806	2.4
Visual and Performing Arts	\$849	4.2
Dental, Medical and Vet	\$2,499	7.0
Law, Economics and Commerce	\$2,008	14.8
Psychology & Social Work	\$3,381	19.0
Society and Culture	\$2,570	19.7
English, Linguistics & Literature	\$4,170	32.0

Source: APH (2020) Higher Education Support Amendment (Job-ready Graduates and Supporting Regional and Remote Students) Bill 2020

The combined change in government funding and student contributions impacts the total funding universities receive per student for each field of study, as shown in Table 2. The resulting changes in funding by field of study do not consistently reflect the supposed objective of the funding reforms. Universities will receive the biggest total funding boost per student for English (32%), society and culture (19.7%), psychology and social work (19%), and law and economics (14.8%). Overall funding will decrease for some priority fields, including math (-17%), engineering and science (-16.4%), agriculture (-9.4%), nursing (-7.9%), and education (-5.8%). This means universities will receive a lower rate of funding per student in fields in which they are expected to expand enrolment.

The reduced rate of funding per place for national priority courses sends a confusing message to universities. They will be receiving a lower rate of funding at a time when they are expected to expand enrolments, and will incur additional expenses when recruiting students to these disciplines. This is likely to produce outcomes counterproductive to the stated objects of the policy (which, of course, are subject to criticism in their own right).

Overall, the JRG reforms have the effect of reducing overall funding per undergraduate place. Under the previous funding model, universities received an average of \$20,597 per student. Under the JRG reforms, this has declined by 5.9 per cent to \$19,389.³⁹ Based on the number of domestic students enrolled in 2020, of 614,235 full-time bachelor students, universities stand to lose a total of \$742 million per year. However, it is more likely that enrolments continue to expand, in which case funding per student will fall even further. Students will in aggregate pay an extra \$414 million a year to study, and the federal government saves \$1 billion (or 15%) of CGS funding under the new model. In a further perverse incentive generated by the JRG reforms, universities will prioritise fee-paying Masters courses and enrolments of international students over domestic bachelor degree students, further destabilising the system.

University research

The higher education sector has a vital role to play in sustaining and expanding Australia's research effort – and has faced cuts in public investment. Government funding for university research is predominately delivered through grants including the Research Training Program and the Research Support program, worth almost \$2 billion in 2022-23, and National Competitive Research Grants delivered through the Australian Research Council's Discovery and Linkages programs, worth just over \$850 million per year.⁴⁰ Before the JRG reforms, research funding had also been derived from the CGS. According to the Department of Education, Skills and Employment, 10 per cent of CGS was previously estimated to be spent on non-teaching functions, including research.⁴¹

Government support for university-based research has declined as a proportion of GDP over the last couple of decades, as shown in Figure 15. Investment in higher education

³⁹ DESE (2020) *Job-ready Graduates Discussion Paper*, page 21, <https://www.dese.gov.au/job-ready/resources/job-ready-graduated-discussion-paper>

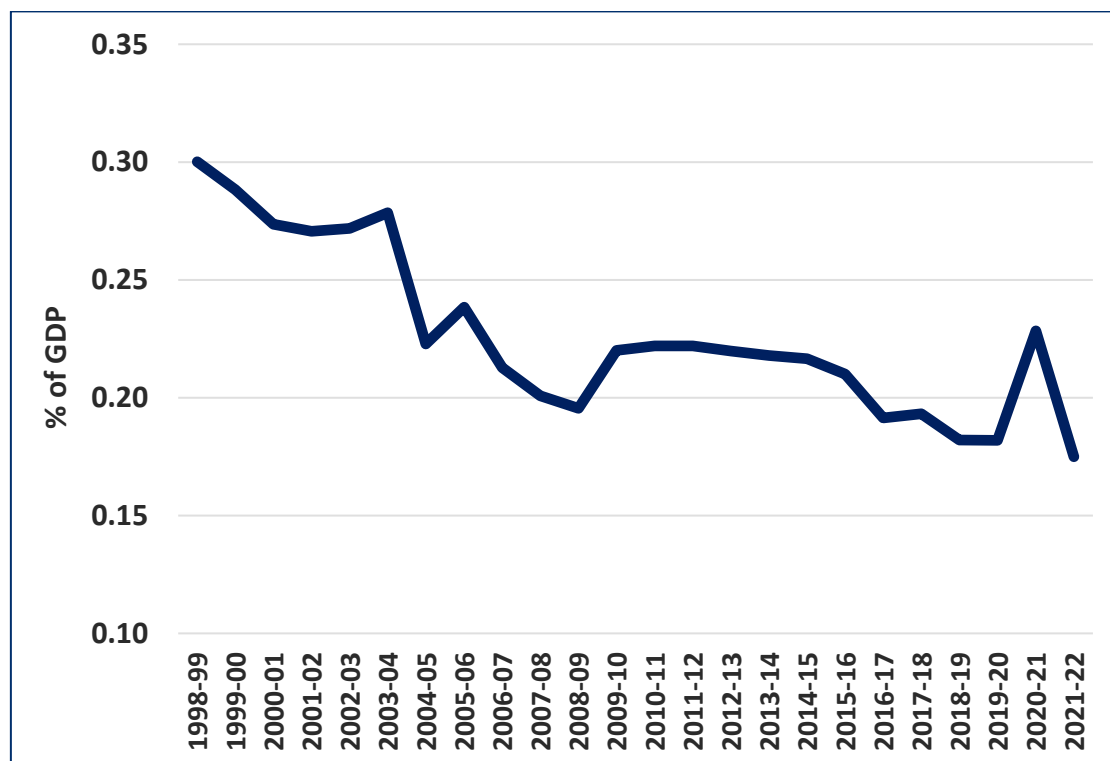
⁴⁰ Australian Government (2022) *Portfolio Budget Statements 2022-23, Budget Related Paper No. 1.4*, page 61 and 147, <https://www.dese.gov.au/about-us/resources/portfolio-budget-statements-2022-23>

⁴¹ DESE (2019) *Transparency in Higher Education expenditure for publication*, <https://www.dese.gov.au/higher-education-publications/resources/2019-transparency-higher-education-expenditure-publication>

research has dropped from 0.30 per cent of GDP in 1998-99 to 0.17 per cent in 2021-22. Since 2012-13, the federal government has cut \$59 million from ARC's nominal funding.⁴² That translates into a much larger effective cutback of \$95 million or 11 per cent, after adjusting for the effects of inflation. Note that the spike in 2020-21 funding is a result of the one-off \$1 billion special support delivered to university research during the pandemic.

While the government has forecast minimal increases to university research funding over the forward estimates, this will do little to offset the erosion of public funding. So instead of addressing the issue of declining public funding for university research, the government's recent research reform agenda will only reallocate a shrinking envelope of funding.

Figure 15: Government research funding allocated to higher education as a percentage of GDP, 1998-99 to 2021-22



Source: Author's calculations based on DISER (2021) *SRI Budget Tables 2021-22*.

Outside of government support, research funding is also provided through the discretionary income of universities. This funding is worth over \$6 billion per year, half of which is ultimately sourced from international student fees. In 2018, universities

⁴² DISER (2021) *SRI Budget Tables 2021-22*, <https://www.industry.gov.au/data-and-publications/science-research-and-innovation-sri-budget-tables>

spent a total of \$12.2 billion on research and development.⁴³ It is estimated that the loss of international student revenue will result in a shortfall of between \$6.7 billion to \$7.6 billion in discretionary income available to support research over the next five years to 2024.⁴⁴ This will impact the quality and variety of research produced at universities, and also the number of research jobs. Higher education likely faces more research job losses over the coming years.

Research funding has been heavily affected by higher education policy changes and the negative economic and policy impacts of the pandemic. Under Australia's higher education business model, international student fees have been vital in subsidising university research. With a 17 per cent drop in international student enrolments in 2021 compared to 2019, available funds for research have also been affected. In acknowledgment of this, the federal government delivered a one-time \$1 billion funding boost for research in 2020-21, however they did not renew this funding in the 2021-22 or 2022-23 budgets. On top of this, the funding cuts to CGS delivered under the JRG reforms will continue to affect available funding for university research into the future.

⁴³ ABS (2020) *Research and Experimental Development, Higher Education Organisations, Australia*, <https://www.abs.gov.au/statistics/industry/technology-and-innovation/research-and-experimental-development-higher-education-organisations-australia/latest-release>

⁴⁴ Frank Larkins and Ian Marshman (2020) *COVID-19 pandemic research funding shortfalls and workforce reductions modelled for individual Australian universities*, <https://melbourne-cshe.unimelb.edu.au/lh-martin-institute/fellow-voices/individual-university-research-funding-challenges>

The future of higher education

Decades of eroding public funding, the abrupt decline in CGS funding due to the JRG reforms, and the impact of the pandemic on international student fees, together create a serious crisis in higher education funding into the future. In the short term, the implications of the revenue shortfall will be substantial, likely leading to more cost-saving measures targeted at university workers (including more casualisation of staff), with worrisome impacts on the quality of education and compromised research output. In the long term, the continued corporatisation of universities, with growing dependence on private funding sources, and government measures tying research funding even more closely to corporate priorities, jeopardises the crucial public service that universities deliver: namely, knowledge creation in the public interest, the broad benefits of which are shared by the whole of society.

SHORT-TERM IMPLICATIONS

Cost saving measures

To compensate for declining revenue and protect against deficits, universities will continue to reduce expenses (as they did in 2020 and likely 2021). As discussed above, the biggest cost incurred by universities is the cost of labour, and hence it is inevitable that this will be a primary target for further cuts. In fact, attempts to reduce the employee compensation share of revenue are already playing out in wage bargaining between universities and unions. For example, some universities have demanded a cap on employee compensation at 50 per cent of university revenue. This is an arbitrary and perverse benchmark, which could ironically encourage universities to spend more on non-compensation items (such as building projects or outsourced services).

Currently, across the 39 public universities in Australia, total employee compensation represents 59 per cent of total expenses in the sector. The large labour compensation share in total costs simply reflects the core function of delivering education and research – something that can only be done by the people employed in the sector. Employee compensation as a share of total costs in higher education is not out of line with other human service industries. For example, in residential and social services, employee compensation represents over 70 per cent of total costs; in primary and

secondary education, employee compensation accounts for two-thirds of total expenses.⁴⁵

An arbitrary cap like this one could easily produce unintended consequences. Reducing labour costs through casualisation, downsizing, and other forms of austerity would likely result in a decline in total costs. But when total costs decline as a result of staffing restrictions and pay cuts, the denominator of the labour cost ratio also shrinks, requiring even further compensation cuts to meet the arbitrary 50 per cent target. Chasing this target will therefore produce an ongoing process of cutting spending on wages and salaries. Alternatively (and perversely), the compensation share could be reduced simply by boosting spending on other functions and projects.

Human service industries like education necessarily have a high proportion of compensation costs. This is not a 'problem'; it is a natural reflection of the role of the workers who deliver those vital services.

Casualisation and wage theft

Over the past 20 years, insecure employment has reached epidemic proportions in the higher education sector. According to the Department of Education, Skills and Employment, between 2000 and 2020 casual staff employed at Australian universities have increased from 12,670 to 23,946 (in full-time equivalents – FTE).⁴⁶ Casual employment has grown much faster than total employment. While employment has increased by 19 per cent over the two decades, casual employment (FTE) has increased by 89 per cent.

FTE measures of employment, however, mask the true scale of casual employment. Based on figures from the Australian Charities and Not-for-profits Commission in 2020, a total of 207,829 people were employed by public universities, 84,000 of them employed on a casual basis.⁴⁷ Casual staff thus accounted for 40.5 per cent of all employment (measured in headcounts, rather than FTEs). Casual staff perform over

⁴⁵ Author's calculations from ABS (2021) *Australian National Accounts: Input-Output Tables*, 2018-19, Table 5, <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-input-output-tables/latest-release>

⁴⁶ DESE (2020) Higher Education Statistics, 2020 Staff full-time equivalence, <https://www.dese.gov.au/higher-education-statistics/resources/2020-staff-fulltime-equivalence>; DESE (2014) Higher Education Statistics, Selected Higher Education Statistics Staff 2000 report and tables, <https://www.dese.gov.au/higher-education-statistics/resources/selected-higher-education-statistics-staff-2000-report-and-tables>

⁴⁷ Australian Charities and Not-for-profits Commission (2021) *2020 Annual Information Statement for all public universities*, <https://www.acnc.gov.au/charity/charities>

half of all teaching at universities, often providing core course offerings but without being offered the protection of permanent work.

The insecurity of casual work leaves staff vulnerable to losing their jobs, as witnessed during the pandemic. Casual work is also strongly associated with underpayment and wage theft. Research completed by the NTEU and the USYD Casuals Network found that 90 per cent of surveyed casual staff (29) worked in excess of their paid hours. In total, 1,998 hours of unpaid work was completed, compared to 4,343 hours of paid work. This means on average casuals are not being paid for 32 per cent of the work they complete.⁴⁸ This confirms that casual staff are systematically not provided enough paid time to complete the tasks they are given.

Insecure fixed-term contracts are also rife in universities, particularly among research staff. This is mainly due to their contracts being tied to funding cycles. However, many fixed-term teaching staff report being employed on rolling short-term contracts for years on end, despite teaching ordinary units in line departments.⁴⁹ Rampant job insecurity among university staff has implications for the health and well-being of workers, but also for the quality of teaching and research.

Quality of education

The federal government's *Bradley Review of Higher Education* in 2008 found that rising student-staff ratios were jeopardising the quality of teaching and the learning support provided to students.⁵⁰ The recent financial crisis and resulting pressure on universities to cut and casualise staff will certainly exacerbate this trend.

With increasing demand for university education, including during the pandemic (as displaced workers returned to university in hopes of preparing for post-COVID career adjustments), universities clearly need more resources and staff – not less.

The 35,000 job losses in public universities during the first year of the pandemic, and potential for more job losses in future years, will inevitably increase class sizes and negatively affect the quality of education. This has implications for both students and teachers. Smaller class sizes have been found to improve higher level thinking, student

⁴⁸ USYD Casuals Network and NTEU (2021) *The Tip of the Iceberg: A Report into Wage Theft and Underpayment of Casual Employees at the University of Sydney*, <https://usydcasuals.network/reports>

⁴⁹ NTEU (2022) *Casualisation and insecure work*, http://www.nteu.org.au/changetherules/higher_ed/casualisation_insecure_work

⁵⁰ Denise Bradley et al. (2008) *Review of Australian Higher Education, Final Report*, <https://apo.org.au/node/15776>.

motivation, and satisfaction with their educational experience. In contrast, large classes are particularly detrimental to learning outcomes for disadvantaged students.⁵¹

The degradation of education quality in very large classes reflects in part the additional strain placed on teachers to manage more diverse cohorts and additional work. The strain on academic staff has been exacerbated by the recent expansion of online classes. Often, a tutor (usually a casual worker) will have to manage classes of students in the room, plus online, in the same session – splitting their attention between those physically present and those attending virtually. These changes have been rushed in response to the pandemic, with very little support or training on how to manage new class dynamics offered to teaching staff. Universities have used the pandemic to hasten digitalisation of the classroom, abandoning in-person lectures to reduce labour costs.

Academics and tutors are burdened with heavier marking loads, and interpersonal and applied skills are more difficult to incorporate into learning activities and assessments with larger class sizes. All this has negative implications for the wellbeing of staff, compounded by increasing job insecurity. A recent OECD report also warns that increased casualisation of university staff and accompanying precarity is associated with lower incomes and greater job dissatisfaction, further detracting from the provision of quality education.⁵²

Quality and variety of research

Universities are uniquely placed to explore complex problems in a rigorous, and collaborative way, reviewed for bias and less influenced by corporate and other external interests. The use and development of new technologies during the pandemic has highlighted the research contribution universities are making to our economy. The pressure on research funding stemming from policy decisions and the pandemic threatens the quality and variety of research produced in Australia.

Reduced revenue for research will not impact all universities evenly. Firstly, because research activity varies between universities, some institutions focus more on teaching. Secondly, not all universities are equally exposed to a drop in international student fees, which make up a large component of researching funding at some universities. The Group of Eight tend to have both a larger research output and a

⁵¹ Gael McDonald (2013) “Does size matter? The impact of student-staff ratios,” *Journal of Higher Education Policy and Management*.

⁵² OECD (2020) *Resourcing Higher Education: Challenges, Choices and Consequences*, <https://doi.org/10.1787/735e1f44-en>

greater reliance on international student fees.⁵³ However, this vulnerability may be managed in part on the basis of higher fees for domestic postgraduate coursework students.

Additional pressure will be placed on university research because of increased restrictions on funding allocation via the ARC. The ministerial power to veto research funding when projects don't have obvious value for business, or meet some ideologically-defined 'national interest', will severely limit what kind of research is conducted. It is worth noting that this veto power has been used 22 times to date, and only by Coalition ministers; all grants denied were for projects in the humanities.

The narrowing of research focus in line with political imperatives will undoubtedly forgo research in areas that may later contribute to vital breakthroughs. There are numerous examples of discovery in which the ultimate value of the research was not known at the time of discovery, or the discovery of vital knowledge comes about in the pursuit of other research exploration.

Not only are these policy decisions limiting the types and the volume of research performed in Australia, but they have also led to endemic precarious employment in the research sector. Research funding is often fixed term with employment linked to the duration of projects and grants. This has implications for individuals trying to build careers in the sector, but also for the quality of research as workers are denied the time to properly explore questions and issues.

Therefore, it is crucial for government to fund a full range of basic and applied research, independently of the short-term preoccupations of business.

LONG-TERM IMPLICATIONS

The withdrawal of government support for universities has forced these public institutions to adopt a business model shaped intrinsically by competitive market considerations. Corporatisation of universities will further exacerbate over-reliance on international student fees, casualisation and short-term contracts, the erosion of key disciplines, and equal access for students. But more than this, the focus of university administrators on their institutions' 'profitability' undermines the public service delivered by universities. Continuation along this policy trajectory is sure to produce dystopian consequences not just for university students and staff, but all Australians.

⁵³ Larkins et al (2020) *COVID-19 pandemic research funding shortfalls and workforce reductions modelled for individual Australian universities*, <https://melbourne-cshe.unimelb.edu.au/lh-martin-institute/fellow-voices/individual-university-research-funding-challenges>

Within the context of severe financial constraints, universities compete with one another for students, faculty, research grants, revenue, rankings, and prestige, to the detriment of quality, equity, well-being, and creativity. Vice-Chancellors are treated like CEO's: paid millions to run universities in line with the reigning principles of cost efficiency and profit accumulation. Course fees are rising faster than income, plunging students into many years of debt to buy what is perceived as a pre-requisite for subsequent labour market success. University jobs are casualised and insecure, while staff in all categories are forced to take on unsustainable workloads, work more unpaid hours and abandon careers. The reputation of institutions relies on staff continuing to go above and beyond, work outside their position descriptions, and undertake unpaid and unrecognised professional development – exploiting the good will, dedication, and professionalism of workers. Research is caught up in the tides of politics and profit, produced under conditions contradictory to academic freedom, originality, and rigour. Democratic process in the delivery of education and research is eroded in the interests of business.

We face a future where university becomes almost exclusively about training for employment, degrees are shorter, teaching is online, and students are pressured to complete study quicker at the expense of their mental health, their financial well-being, and the quality of their education. The holistic student and campus experience that equips people with strong social bonds, exposing them to critical thinking, debate and new ideas, will be reserved for those with well-off parents able to support them. Higher education will cease to be a public service, equipping graduates with a well-rounded understanding of all aspects of life – rather than just greater 'employability.'

In this grim future, decent careers in academia will become rare, while most staff are cheated out of the time necessary to offer supported learning experiences and in-depth, creative classes. Curricula will narrow, teaching will become a check-box exercise, and the ability to cover content that is not directly relevant to industry needs will be eroded. The gap between elite universities (better able to tap private funding for higher-quality facilities and instruction) and other institutions will widen, forcing mergers and market concentration. Government proposals to force institutions to specialise in either teaching or research will accelerate this bifurcation of the university sector. Lack of educational access to large segments of the community will continue to drive deeper and longer class divisions. Political and economic vested interests will be the sole gatekeepers of knowledge production, leaving little room for research that indirectly and indispensably enhances our understanding of society, justice, and equitably drives progress. Struggling universities will prioritise survival over research and education that services the public good.

AT WHAT COST?

Higher education is not just an item in the budget that costs the public money. Rather, it contributes significantly to the prosperity of the country, and provides indispensable benefits to individuals and society. Public universities employ almost 200,000 people and teach over 1.6 million students a year. Improvement in the level of educational attainment among the population is a key driver of economic productivity, and enhances our capacity to develop and integrate technology in a modern innovative economy. Meanwhile, the wages and salaries paid to university workers (\$20 billion per year) in turn support some \$3 billion in annual tax revenue (see Table 3).⁵⁴ This is equivalent to 28 per cent of what the Federal Government spends on higher education.⁵⁵

Higher education is also a key driver of subsequent employment and income for students. University qualifications boost post-study incomes by an average of well over \$1 million in earnings over a typical graduate's career.⁵⁶ The resulting increase in wages has spill-over effects, putting upward pressure on wages throughout the economy. Tertiary education is Australia's 4th largest export industry, contributing \$40 billion to Australia's total exports before the pandemic.⁵⁷

Table 3 Higher Education: Economic Contributions (2020)	
Employment	207,829
Students	1.6 million
Total revenue	\$34.7 billion
Export value¹	\$40 billion
Wages and salaries	\$20 billion
Income tax paid	\$3 billion
Sources: Authors calculations based on Australian Charities and Not-for-profits Commission university data for 2021; DESE Higher Education Publications: 2020 Student summary tables; DESE Higher Education Publications: Finance Publication 2020; International Trades in Goods and Services, Australia, Table 11a; and based on Australia's average personal income tax ratio. 1. 2019.	

⁵⁴ Australian Department of Education. Skills and Employment (2021) *Higher Education Publications: Finance Publication 2020*, <https://www.dese.gov.au/higher-education-publications/finance-publication>

⁵⁵ Australian Government (2021) *Budget Paper No.1: Statement 6*, page 169, <https://budget.gov.au/2021-22/content/bp1/index.htm>

⁵⁶ Hana (2017) *A university degree is worth \$1,180,112 over the course of a lifetime*, <https://www.smh.com.au/money/a-university-degree-is-worth-1180112-over-the-course-of-a-lifetime-20171026-gz8mgd.html>

⁵⁷ Universities Australia (2021) *International education and post-pandemic economy recovery*, <https://www.universitiesaustralia.edu.au/media-item/international-education-and-post-pandemic-economic-recovery/>

While the economic contributions of higher education are undeniable, universities should not be seen purely in terms of producing returns on government investment. This overlooks the less quantifiable but significant contribution universities make to the political and sociocultural development of Australia.

For decades universities have been expanding the frontiers of knowledge, educating citizens, and driving societal change. Progress in the fields of science and technology has lengthened and enriched our lives, and contributions from social and political sciences have improved political process and shaped society in ways that reflect and represent citizens. Higher education serves to build greater equality and equip people with skills in critical thinking, communication and problem-solving to make informed choices about their lives.

The advent of new technologies dictates the enhancement of people's talents and skills and the creation of a knowledge-based-economy, which in turn, demands even more high-skilled workers. Universities equip individuals and society with the tools to tackle unknown challenges and will play a significant role in ensuring humans can thrive into the future.

The degradation of the sector through deprivation of funding and an increasingly private orientation robs us all of the collective benefits universities should be delivering, as publicly funded, publicly accountable service-providers.

Rethinking higher education

It's time Australia proclaimed a national vision for higher education that reconfirms the public service mission of the sector, and prioritises the needs of students, staff, and society. An adequately-funded and more democratically-governed higher education system will ensure that education is treated as a public service and a human right, rather than a traded commodity. Relieving the financial constraints on universities and curbing their reliance on private and corporate funding will help to address many of the sector's problems. However, achieving a comprehensive alternative vision for the sector will also require a shift in the governance model of universities – pushing them toward more democratic decision-making processes and a public (not-for-profit) focus.

In this alternative vision, financial barriers to higher education would be removed, restoring universal access to higher education, and enhancing its effectiveness as a driver of social mobility. Students should have the flexibility and time to pursue broader interests, explore career options, and think creatively about how work will fit into the many other aspects of their lives.

With increased funding, universities can become better employers. The higher education workforce would be expanded to ensure a more sustainable distribution of tasks, and more attention paid to course content, support for students and the quality of research output. In an environment where workers have time and energy to fulfil their duties, activities can be more responsive to new ideas and technological developments, with opportunities created for collaborative problem solving and community engagement.

There is no doubt this vision for higher education will require the investment of significant resources and far-reaching structural reforms to university operations. But like any government expenditure, it's a question of social priorities. For example, current government policies emphasise the protection and subsidisation of private wealth – through policies such as top-heavy superannuation tax concessions, negative gearing, the capital gains tax discount, and excess franking credits. Together, these tax concessions reduce federal revenues by \$60 billion per year:⁵⁸ roughly 10 per cent of total federal government spending. The knee-jerk claim that government does not have the resources to fund a more democratic and quality higher education system is

⁵⁸ Matt Grudnoff and Eliza Littleton (2021) *Rich men and tax concessions: How certain tax concessions are widening the gender and wealth divide*, <https://australiainstitute.org.au/report/rich-men-and-tax-concessions/>

refuted by the enormous cost of concessions and expenditures favouring wealthy interest groups.

POLICY RECOMMENDATIONS

Achieving this expansive vision of a stronger, more accessible, and more democratic university system will require a long-run commitment to better funding, better jobs, and better governance. We have identified seven specific policy initiatives that would start this ambitious process of higher education revitalisation.

1/ Adequate public funding for universities

Direct public funding of Australian universities has been declining relative to size of the economy since the mid-1980s, representing just 0.65 per cent of GDP by 2018/19 (well below the OECD average of 0.9 per cent). Inadequate funding lies at the heart of many of the issues facing Australian public universities. Higher education requires significant structural reform and more fiscal support. While longer-term changes are being planned in conjunction with all higher education stakeholders, including governments (both federal and state), staff, students, industry bodies and the wider public, federal public funding should increase immediately to relieve current fiscal pressures to 1 per cent of GDP (slightly over \$20 billion per year in total). That increased envelope of public funding will support the other reform proposals identified in this list (as discussed below, and summarised in Table 4).

2/ Fully funded research

Australian research and development funding has been declining as a proportion of GDP since 2008, when it peaked at 2.25 per cent. It has since declined to only 1.8 per cent of GDP, well below the OECD average of 2.5 per cent.⁵⁹ This figure includes R&D spending in all sectors, including government, industry, and higher education. Many factors explain the worrying decline in Australia's innovation activity, including the shifting focus of the economy toward resource extraction (which invests relatively little in R&D), the decline of technology-intensive manufacturing, and policies of arbitrary fiscal restraint by Australian governments.

The higher education sector has a vital role to play in sustaining and expanding Australia's research effort, and has similarly suffered from declining public investment. As discussed above, government support for university research has declined as a proportion of GDP, falling from 0.3 per cent of GDP in 1998-99 to only 0.17 per cent in

⁵⁹ OECD (2022) *Gross domestic spending on R&D*, <https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm>

2021-22. Cuts to research funding have continued apace, in particular through the introduction of the JRG reforms. Universities stand to lose an estimated \$742 million per year in funding under the JRG reforms – and a large part of this shortfall will be reflected in redirection of money previously assigned to research.⁶⁰

Simultaneously, research funding allocated through the ARC is being more strictly tied to industry needs and political agendas. The emphasis on applied research that has so-called ‘real world impact’, creates a false binary that overlooks the varied ways research contributes to society. Ministerial veto powers over the allocation of ARC funding must be revoked, and research funding should be tied to providing secure, long-term employment for research staff.

Providing adequate funding for research benefits everyone; students, research staff, the private sector, government, and society as a whole. Publicly funded research plays a critical role in addressing multi-faceted, complex emerging problems like climate change, global pandemics, and demographic change.

It creates the foundation for major advancements in areas of health and medicine, communications, food, economics, energy, and national security. Investing in public research undertaken in universities, in turn, fuels economic growth and competitiveness. Economic research evidences a significant payoff from investments in university research – as much as \$5 in incremental GDP for each \$1 in government support for university research.⁶¹

Providing universities with stable, ongoing funding for research – and then respecting the autonomy of universities in allocating and managing those funds, in line with peer-reviewed scientific judgment (rather than the political imperatives of the government of the day) – is a vital investment in the future capability and success of Australia’s economy. Funding for research should be more reliable and be tied to secure employment for researchers.

To ensure Australia meets its pressing national challenges, the federal government must expand public investment in quality independent university research, and maintain investment with the rate of economic growth. Restoring higher education research funding back to 0.3 per cent of GDP would cost an estimated \$2.6 billion per

⁶⁰ This estimate is based on the difference between the cost per student under the old CSG model and new model since the JRG reforms, times the number of commencing domestic students (FTE).

⁶¹ See Deloitte Access Economics, “Universities’ Contributions to the Australian Economy” (Deakin, ACT: Universities Australia, 2020), <https://www.universitiesaustralia.edu.au/wp-content/uploads/2020/04/200325-Deloitte-one-pager-FINAL.pdf>.

year. This is in addition to the existing \$3.7 billion already spent through the various programs.

3/ Free undergraduate education for Australian students

Primary and secondary school education is widely recognised as a basic human and social right that should be available to all students, regardless of ability to pay. That is why public schools are funded by governments. Tertiary education has similar benefits. It has become essential to individual employment prospects in most industrial countries. Today, 68 per cent of Australians aged 15-74 years hold a tertiary qualification or are studying towards obtaining one (including vocational qualifications), up from 62 per cent of all Australians in 2013. The increasing prevalence of tertiary qualifications makes it harder for those without to compete for work.⁶² According to government estimates, 52 per cent of new jobs in the five years to 2025 will require a university degree or higher qualification.⁶³ University graduates also enjoy greater success in the job market compared to those without degrees. Of those between the ages of 25-44, 88.5 per cent with a bachelor's degree or higher are employed, compared to only 78 per cent of those with year 12 or equivalent.⁶⁴

Growing demand for higher education and ongoing hikes in course fees mean that student debts are becoming unsustainable. Total outstanding HELP debt stood at \$68.7 billion in 2021, around four times as much as 2009. The average amount of student debt is now \$23,685 per student, up from \$15,191 in 2012. This steep increase is not just a reflection of the natural increase in the price of services. Students start to repay HELP debt once they earn over \$47,014 per year; debt repayments are an increasing burden during important early-career years. Students now take an average of 9.4 years to pay off their degree, compared to 7.7 years in 2009.⁶⁵ The price of university education is definitely a barrier to access, denying hundreds of thousands of young Australians an opportunity to attend university, and enhance their chances of finding quality employment.

By deferring and shifting the cost of higher education, HELP has put students in the firing-line of the funding struggle between universities and the government. With

⁶² ABS (2021) *Education and Work, Australia*, Table 27,

<https://www.abs.gov.au/statistics/people/education/education-and-work-australia/latest-release>

⁶³ National Skills Commission (2020) Skill Level projections – five years to November 2025,

<https://lmip.gov.au/default.aspx?LMIP/EmploymentProjections>

⁶⁴ ABS (2021) *Education and Work, Australia*, May 2021, Table 23,

<https://www.abs.gov.au/statistics/people/education/education-and-work-australia/latest-release#data-download>

⁶⁵ ATO (2021) *Higher Education Loan Program (HELP)*, <https://data.gov.au/dataset/ds-dga-ce4c58ec-c930-4a05-8a37-f244d960e5f8/details?q=>

universities lobbying for funding increases on one side and governments shirking responsibility for funding public higher education on the other, both sides tend to look to students as the source of needed income. The HELP system hides the mounting debt students accumulate in the course of their education; many realise only later in life how significant this burden is, while others recognise the ultimate costs up-front in which case it is a powerful deterrent to university enrolment.

Removing the financial barriers to higher education allows for greater social mobility, ensuring that students from diverse backgrounds have access to education and in turn previously restricted employment opportunities. It is well established that lack of education is a key driver of inequality. Improving equal access to education helps to break down the connection between family socio-economic status and the future economic prospects of the next generation, by shifting the financial responsibility of education to the public sector.⁶⁶ It also allows students to pursue education in fields which best match their personal interests and preferences, and their judgment of their own long-term career prospects – rather than being compelled to choose the least expensive course offerings.

The federal government should make undergraduate education free for all Australians. This not only has the benefit of reducing the widening gap between rich and poor, but would help to ensure a workforce with appropriate skills for the future economy. Free university tuition is not a radical idea. Many countries around the world offer free university level education, including Germany, Norway and Sweden. The New Zealand government recently implemented changes to tuition fees that provide the first year of tertiary education fee-free for New Zealand citizens, with plans to make additional years of study fee free in the future.⁶⁷ Furthermore, the Australian government made university education free under the Whitlam government in 1974, helping spread the benefits of tertiary education to all parts of society. This saw enrolments expand by 25 per cent, providing access to people who would otherwise not have been able to attend.⁶⁸ Unfortunately, fees for higher education were reintroduced in 1988 along with the implementation of the Higher Education Contribution Scheme (HECS). This

⁶⁶ Oxfam (2019) *The power of education to fight inequality*, <https://www.oxfam.org/en/research/power-education-fight-inequality>

⁶⁷ Bothwell (2017) *New Zealand government confirms plan to abolish tuition fees*, <https://www.timeshighereducation.com/news/new-zealand-government-confirms-plans-abolish-tuition-fees>

⁶⁸ Forsyth (2014) *Maybe free university didn't improve access for all, but neither will fee deregulation*, <https://theconversation.com/maybe-free-university-didnt-improve-access-for-all-but-neither-will-fee-deregulation-31165>

transferred a considerable proportion of the cost of education from the government to students, by offering loans students would pay back later.⁶⁹

Providing free undergraduate education to Australian citizens and permanent residents would cost about \$3.1 billion per year. This is based on the average student contribution of \$9,319 per year in 2020, and domestic undergraduate enrolment of 336,881 students the same year.⁷⁰ However, it is likely that enrolment would increase when the financial barrier to higher education is removed, so this cost will grow over time.

4/ Secure employment

Systematic underfunding of universities has exacerbated the insecure employment crisis in the sector. As discussed, labour costs represent the largest share of expenditure for universities, hence workers become a natural target of cost-minimisation strategies. The latest example of this has been the job losses related to the pandemic and related policy responses.

Casualisation of the university workforce has broad-reaching implications for the well-being of workers, the quality of education and research, the career prospects of aspiring academics and other professional staff, and the sustainability of the university system itself.

Insecure work has eroded the power of workers to enforce the terms of their contracts or bargain for better conditions; this has led to higher workloads for staff. Overreliance on insecure work is not the only way universities are reducing their labour costs. As previously discussed, universities are often not paying staff for the number of hours necessary to complete work, as well as using tactics such as incorrectly defining tasks so they can be compensated at lower rates.⁷¹ According to research by the NTEU and the USYD Casuals Network, casual staff on average are only paid for 68 per cent of the hours they complete.⁷² High workloads also impact permanent staff who are subject to

⁶⁹ Education and Employment Legislation Committee (2014) Higher Education and Research Reform Amendment Bill 2014, (chapter 2), https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/Higher_Education/Report

⁷⁰ DESE (2021) Student Enrolments Comparative Graphs, <https://app.powerbi.com/view?r=eyJrIjojNGMxOWUwZWUtOGViMC00MDBILWExODEtNTJiYzlkNDRkZGQ3liwidCI6ImRkMGNmZDE1LTQ1NTgtNGlzMj04YmFkLVVhMjY5ODRmYzQxNyJ9>

⁷¹ NTEU and USYD Casuals Network (2020) *Stealing time: an interim report into wage theft and underpayment of casual academics at the University of Sydney*, <https://usydcasuals.network/reports>

⁷² USYD Casuals Network and NTEU (2021) *The Tip of the Iceberg: A Report into Wage Theft and Underpayment of Casual Employees at the University of Sydney*, <https://usydcasuals.network/reports>

increasing competition to keep their jobs. One study found that, on average, full-time academic staff work 50 hours a week, far above the standard 38-hour working week.⁷³

While increased funding for the sector would go some way to reducing the expansion of insecure work at universities, it will not resolve all employment related issues in the sector. The federal government should introduce regulation limiting the use of casual employment to legitimate cases based on relevant criteria – for example, where tasks are not ongoing or part of the core activities performed by universities, and the positions are short-term. We suggest that the proportion of casual staff in university employment should be limited to around 10 per cent of total employment – about half the casual share recorded in 2021 (22.4%). Additionally, the federal government should lift the award wage for casual academic staff at universities to disincentivise the use of this type of employment when it is not necessary. By increasing the costs of casual employment for universities, they would be encouraged to convert many existing casual staff to permanent positions.

Converting part-time casual positions to permanent full-time jobs could result in job losses. However, it has been established that current university staff (including casuels) are working well beyond their contracted hours, position descriptions and healthy working hours. To address workload issues and prevent job losses during the process of casual conversion, a portion of the new funding provided to the university sector should be tied to requirements to increase staff numbers in the sector. To reduce academic workload from an average 50 hours per week to a consistent average of 40 hours per week, it is estimated that an additional 11,743 FTE academic staff would be required.⁷⁴ This would cost an additional \$1.2 billion in salaries, superannuation, payroll tax, worker's compensation, and leave entitlements.⁷⁵

5/ Improve higher education governance

Many issues in the higher education sector stem from declining funding, political intervention and uncertainty around future political decisions that affect universities. Universities have increasingly been re-constituted in corporate-like forms, adopting similar operating logic to businesses. These changes have involved a gradual

⁷³ Hamish Coates et al (2009) *The attractiveness of the Australian academic profession: a comparative analysis*, page 25,

https://research.acer.edu.au/cgi/viewcontent.cgi?article=1010&context=higher_education

⁷⁴ This calculation uses the 2021 DESE figure of 46,971 (FTE) academic staff, working on average 40 hours instead of 50 hours.

⁷⁵ Based on average labour cost derived from the Australian Charities and Non-profit Commission's Annual Information Statement for public universities in 2020. This figure includes the cost of salaries, superannuation and pension contributions, payroll tax, worker's compensation, long service and annual leave, and termination benefits; weighted average.

diminution of transparency and staff and student involvement in decision making. One especially worrisome manifestation of this trend has been the changing composition of university councils.

All universities have a council: a governing body with the power to set strategic direction of the university; monitor the highest levels of management and academic activities; and approve budgets, plans and commercial activities. These bodies establish policy and procedure for the operation of the university. Over the past twenty years, the number of elected members on the governing bodies of public universities has decreased. In 2000 more than one-third of positions were elected, by 2020 it was down to one in four.⁷⁶ Instead, more council members are now corporate appointments. While their financial and commercial expertise is valuable, the influence of these interests in such an important governing body serves to undermine democratic accountability, as well as the participation of staff and students in university management. The federal government should restore the proportion of elected council members in publicly-funded universities to a majority of members. Furthermore, all decisions made by governance bodies of Australian public university must be transparent and visible to the entire community they serve.

To reposition universities as public institutions that serve the common good, rather than the corporate good, universities need more certainty over future funding and regulation. The federal government should establish an independent higher education agency to review and oversee government fiscal parameters, university governance practices, and the regulatory framework for higher education. An independent agency would operate at arms-length from the government of the day – much in the same way research funding is allocated by the ARC (but without the Education Minister’s veto powers).⁷⁷ Existing higher education agencies including the ARC, TEQSA and the National Health and Medical Research Council (NHMRC) would be integrated into the new agency. Based on running costs in similar regulatory agencies, establishing, and running this new governance agency would cost an estimated \$200 million per year, with only \$90 million in additional funding.

Lastly, to rein in the dominance of commercial interests in university governance, the government should ensure that Vice-Chancellors are drawn from candidates with expertise in education and the public sector.

⁷⁶ Parliamentary Library data, cited in Mehreen Faruqi (2021) *The university of the future: higher education built on democracy and equity*, <https://greens.org.au/campaigns/uni-future>

⁷⁷ NTEU (2022) *2022-2023 Federal Budget Submission: An Alternative future for higher education policy*, soon to be released.

6/ Cap Vice-Chancellor salaries

Growth in Vice-Chancellor salaries has outstripped growth in incomes for university staff members for decades. In 1975, vice-chancellors received about 2.9 times the salary of regular lecturers.⁷⁸ By 2018 they were earning 16 times as much.⁷⁹ In 2020, the average Vice-Chancellor's pay at 37 public universities was nearly \$1 million a year – about double the salary of the Prime Minister of Australia. There are of course big differences between universities: with the University of Sydney Vice-Chancellor the highest paid (\$1.6 million), and the University of Canberra's the lowest (\$535,000). As public institutions, largely funded by the federal government, it is important for expenditure to be distributed more evenly through the institution and to reflect public sector pay rates – rather than inflated private sector executive norms. The federal government should introduce a salary cap for Vice-Chancellors at public universities of \$500,000 per year, with that cap indexed to inflation in future years.

7/ Data collection and transparency

As public institutions, universities should be transparent in their operations so they can be held accountable to government and citizens. Making data publicly available helps non-government organisations provide useful insights into issues, and inform policy decisions to the benefit of all Australians. Over-emphasis on quantitative metrics to judge the success and failure of institutions can be dangerous and misleading – as with, for example, competitive university rankings. However, there are several ways that universities could improve their data collection and transparency, without contributing to simplistic judgments and resulting unintended consequences.

- Currently, only universities in Victoria are required by law to report casual employment data based on headcounts (not just the FTE data provided through the Department of Education, Skills and Employment). The Federal Government should expand its data collection processes to make it mandatory for all public universities to report detailed employment data (including permanent and casual positions, including headcounts, hours, and FTEs) to the Department.

⁷⁸ Rowlands et al (2020) *How Australian vice-chancellors' pay came to average \$1 million and why it's a problem*, <https://theconversation.com/how-australian-vice-chancellors-pay-came-to-average-1-million-and-why-its-a-problem-150829>. This study measured the remuneration of Vice-Chancellors compared to lecturers at elite research-intensive universities in Australia from 1975 to 2018.

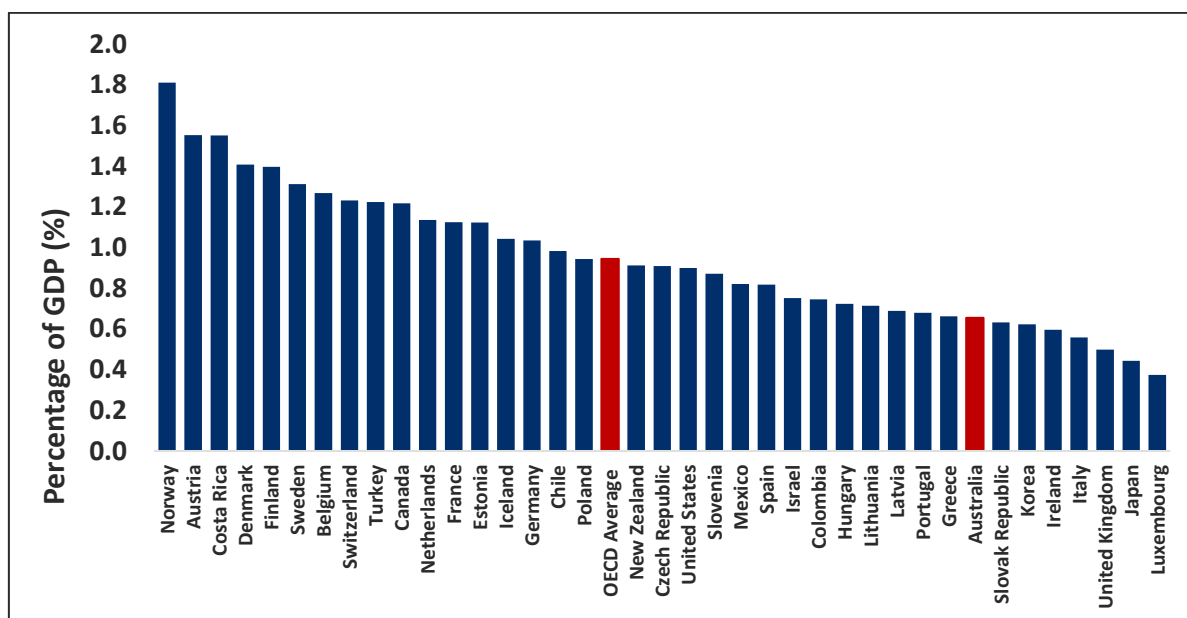
⁷⁹ Julie Rowlands and Rebecca Boden (2020) *How Australian vice-chancellors' pay came to average \$1 million and why it's a problem*, <https://theconversation.com/how-australian-vice-chancellors-pay-came-to-average-1-million-and-why-its-a-problem-150829>

- The Federal Government should make it mandatory to collect and make public data on courses offered within each faculty every semester, so gains and losses in course offerings can be tracked.
- Workers, students, and employers all need access to timely and high-quality labour market information to facilitate job matching and more successful school-to-work transitions. There is presently no integrated higher education and labour market data source available in Australia. Governments should invest and facilitate the development of a comprehensive labour market portal accessible to employers, students, graduates, and educational institutions.

FUNDING THE RECOMMENDATIONS

Direct public funding of tertiary education in Australia has been declining relative to size of the economy since the mid-1980s, and now constitutes only 0.65 per cent of GDP. Government funding of tertiary education⁸⁰ is low by international as well as historical standards, falling well below the OECD average of 0.94 per cent of GDP.⁸¹ In fact, Australia has one of the lowest levels of public investment in tertiary education of any industrial countries, as shown in Figure 16.

Figure 16: Public spending on tertiary education as a percentage of GDP, 2018/19



Source: OECD (2022) *Public spending on education (indicator)*

⁸⁰ OECD definition of tertiary education also includes vocational education and training.

⁸¹ OECD (2022) *Public spending on education (indicator)*, <https://data.oecd.org/eduresource/public-spending-on-education.htm>

The key policy recommendations discussed above (including free undergraduate education for Australian citizens, reducing reliance on casual staff, expanding the university workforce, establishing an independent regulatory agency, and increasing investment in research funding) will require significant expansion and reform in the overall envelope of public university funding. However, those incremental investments would only lift public university funding to 1 per cent of Australia's GDP: in line with the practice of other peer industrial countries.

Implementing the key recommendations of this report is estimated to cost the government an additional \$6.9 billion per year and would need to grow each year in-line with economic growth. This additional funding is estimated to create an additional 26,647 FTE jobs in higher education, including the 11,743 staff to ease workload pressures, 1,4557 people employed with additional researching funding and 374 new staff employed by the independent higher education agency.

Table 4 Government cost of implementing recommendations	
Reform	Annual Cost (2022)
Additional research funding	\$2.6 billion
Free undergraduate education	\$3.1 billion
Labour cost of hiring new staff	\$1.2 billion
New funding for higher education agency	\$90 million
Total	\$6.9 billion

According to the Department of Education, Skills and Employment's budget portfolio, the Commonwealth government spends \$13.4 billion per year (including HELP) on higher education. These reform recommendations would lift annual government spending to a total of \$20.5 billion per year. At below 1 per cent of GDP, this would put Australia broadly on par with the average level of public support for higher education provided in other OECD counties.

The measures outlined in this paper are just a start in building a brighter, more democratic future for higher education. Ultimately, even more far-reaching structural and fiscal reforms will be required, involving coordinated strategy and consultation engaging all university stakeholders: including universities, the NTEU, governments, and community representatives. But the core reforms recommended in this report would constitute a significant change in direction for a vital public service in Australia, which has been unduly reoriented toward meeting corporate and industrial needs, rather than the public interest in high-quality, accessible, democratic higher education.

Conclusion

Australia's higher education system was hit harder by the COVID-19 pandemic and resulting recession than any other industry in Australia's economy. Public health measures and the closure of Australia's borders to international students created a financial and operational crisis for Australia's universities. The federal government made matters worse by arbitrarily excluding universities from the JobKeeper wage subsidy program (originally budgeted at \$130 billion). Universities were left on their own to deal with collapsing revenues, operational challenges (like online learning), and health restrictions. They responded by cutting staff and increasing workloads for remaining staff.

As devastating as the pandemic has been for Australia's universities, the structural challenges facing this vital public service are longer-term in nature, with the sector distorted and damaged by corporatisation, casualisation, and privatisation long before COVID arrived. The resumption of 'normal' economic activity alone will not resolve the deeply rooted structural problems facing Australia's public higher education sector.

For decades, Australian governments have systematically and incrementally reduced real funding to public universities, while making the allocation of funding more contingent upon meeting sectional industry and government agendas. Dwindling public funding for higher education has driven universities to become more reliant on private sources of revenue (including international student fees and investment income). It has pushed universities to adopt a business model based on competitive market considerations, subordinating the provision of quality higher education to commercial interests.

The underfunding and corporatisation of universities, and the funding shift to private sources has had devastating impacts on the sector. These problems have contributed to overreliance on international student fees, casualisation and short-term contracts, the erosion of key disciplines, and accessibility for students. A corporate-like focus on institutional profitability overlooks the public service mandate that should guide the activities of universities – generating broad-reaching benefits from knowledge creation, education, and participation reaped by the whole of society.

On the one hand, universities are publicly funded to perform the public service of educating the future workforce. On the other hand, federal policies have forced universities to compete for both public and private funding –degrading the education

and employment performance of the sector. This contradiction has led Australia's higher education system to a crossroads.

Under a business-as-usual scenario, higher education will continue to become even more dominated by corporate priorities and cost-cutting. University qualifications will become expensive traded commodities, inaccessible to many Australians – while university jobs become increasingly precarious, and impossible workloads detract from the quality of research and teaching. But this path for higher education is not inevitable. It reflects deliberate economic and political choices.

If governments make different choices, a better, more democratic future for this vital public service is possible. Down an alternative path, public funding is restored, universities can be fortified as places of knowledge creation, education, and participation, with the potential to advance the public interest in myriad ways. Universities would also become sites of decent, stable, enriching, and productive employment. Australia can choose a future for higher education that is affordable and accessible, a vehicle for social mobility and enhanced democracy, and a source of high-quality careers for many thousands of Australians.

University councils, transparency and the Adelaide University merger

Accountability at Australia's public universities

Howard-era reforms to higher education have led to a lack of transparency and democratic accountability within the councils that govern Australia's public universities. These issues are epitomised in the proposed merger of the University of Adelaide with the University of South Australia, a case which shows why reform is needed.

Discussion paper

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October 2023

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ISSN: 1836-9014

Summary

In July 2023, the University of Adelaide and University of South Australia announced plans to merge. If the merger goes ahead, the new 'Adelaide University' will open in January 2026 and become the largest university in Australia, at least for domestic students. But the lack of transparency, including a refusal to release the business case for the merger, has led to a South Australian parliamentary inquiry.

The merger epitomises the governance problems that have engulfed universities across Australia since Howard-era reforms, including the 2004 *National Governance Protocols*. These reforms altered the composition and function of the councils entrusted with governing Australia's public universities, and introduced a requirement that a minority of council members have financial and commercial expertise. Councils were also made responsible for undertaking revenue raising and pursuing commercial activity. This raises fundamental questions about the purpose of Australia's public universities. These are public interest issues because councils make decisions about public money that is intended for public education.

This paper discusses two measures that would encourage transparency in university governance and ensure a renewed focus on education over profit:

- Requiring university councils to publish the minutes of their meetings;
- Ensuring that the majority of university council members are elected by university staff and students, and that they are drawn from candidates with expertise in education and the public sector.

The most effective way to ensure these reforms are effective is to amend the Acts of state parliaments that create and regulate Australia's universities. The Commonwealth Government's current review of higher education — the Australian Universities Accord process — presents another chance for reform. But, to be meaningful, the Accords need to be clear that the purpose of universities is education and research.

This paper also presents new polling conducted by the Australia Institute, which shows that the majority of Australians agree that the minutes of university council meetings should be made public, and that councils should focus primary on improving education for students. A separate Australia Institute poll presented in this paper shows that most South Australians want to see the business case for the proposed merger.

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Introduction

“Universities are not businesses, but [they] nevertheless manage multi-million-dollar budgets. As such, they need to be run in a business-like fashion.”
— Commonwealth Education Minister Brendan Nelson, 2003.¹

The story of Australia’s tertiary education system over the last two decades is one of ever-increasing commercialisation, and a prioritisation of business interests over academic ones. This industry has significantly increased in value. In 2000, education industry exports were worth \$4.1 billion, and by 2010, this had ballooned to \$18.7 billion.² Today, education is Australia’s fourth-largest export industry, worth \$26.6 billion in 2022.^{3,4} This is down from the historic high of over \$40 billion before the pandemic.⁵

The commercialisation of Australian universities arguably began with the Hawke government’s reintroduction of tuition fees, but the process really started in earnest with the Howard government’s *Higher Education Support Act 2003*⁶ and the associated *Higher Education Support Act 2003—Commonwealth Grant Scheme Guidelines (02/06/2004)*. Both pieces of legislation reflect that government’s deep ideological commitment to neoliberalism, a philosophy summarised neatly by Brendan Nelson in the quote above. The changes these Acts wrought to Australian universities—structural, cultural and ideological—are still being felt today. The proposed merger of the University of Adelaide with the University of South Australia is an exemplary case of how commercially-focused Australia’s universities have become.

¹ Nelson (2003a) *Our Universities: Backing Australia's Future*, Commonwealth of Australia, p 15, https://web.archive.org/awa/20040728090039mp_/http://www.backingaustraliasfuture.gov.au:80/policy_paper/policy_paper.pdf

² Australian Bureau of Statistics (2022) *International Trade: Supplementary Information, Calendar Year, 2022*, <https://www.abs.gov.au/statistics/economy/international-trade/international-trade-supplementary-information-calendar-year/2022>

³ Australian Bureau of Statistics (2023) *International trade: Supplementary information, 2022*, <https://www.abs.gov.au/statistics/economy/international-trade/international-trade-supplementary-information-calendar-year/latest-release>

⁴ Australian Bureau of Statistics (2023) *International trade in goods and services, Australia, April 2023*, <https://www.abs.gov.au/statistics/economy/international-trade/international-trade-goods-and-services-australia/apr-2023>

⁵ Australian Bureau of Statistics (2022) *International Trade: Supplementary Information, Calendar Year, 2022*, <https://www.abs.gov.au/statistics/economy/international-trade/international-trade-supplementary-information-calendar-year/2022>

⁶ This Act replaced the *Higher Education Funding Act 1988*, which was previously the main legislation governing higher education in Australia.

THE HOWARD GOVERNMENT'S REFORMS...

Unlike other countries in which a profit-based model for higher education is firmly entrenched, the majority of Australia's universities remain public institutions: of the 41 accredited domestic universities, 37 are public.⁷ The governance of these universities is the responsibility of the state in which a university is based.

As such, the Commonwealth Government only has the direct authority to intervene in the governance of the Australian National University, which was created by an Act of the Commonwealth Parliament. However, while Canberra cannot directly legislate changes to state-based institutions, it nevertheless wields significant influence over their governance. This is because the Commonwealth Government is by far the largest single funder of the country's universities: in 2021, the most recent year for which data is available, total government funding for Australian universities amounted to \$20.2 billion, of which just \$836 million came from the states.⁸

This means that the Commonwealth can effectively hold universities to ransom by making continued funding contingent on implementation of whatever changes the Commonwealth Government desires. The Howard government did exactly this, making the receipt of funding contingent on compliance with Nelson's vision for universities as businesses, which was enshrined in the *Higher Education Support Act 2003*⁹ ("the Act") and the associated *Higher Education Support Act 2003 - Commonwealth Grant Scheme Guidelines (02/06/2004)*¹⁰ ("the Guidelines").

These Guidelines stipulated eight primary responsibilities for university councils, including a focus on commercial undertakings, which universities were required to incorporate. The Guidelines stated that governing bodies could not exceed 22 members, that they must include at least two members with "financial management expertise at a senior level", and at least one member with "senior level" commercial expertise.¹¹ They required "a majority of external independent members who are neither enrolled as a student nor employed by

⁷ Australian Government (n.d) *Study in Australia*, <https://www.studyaustralia.gov.au/en/plan-your-studies/list-of-australian-universities.html>

⁸ Australian Government (2023) *Finance 2021: Financial Reports of Higher Education Providers*, p 10, <https://www.education.gov.au/download/15003/2021-university-finance-summary-information/31457/document/pdf>

⁹ See April 2004 version, Section 33-15 of *Higher Education Support Act 2003*, Federal Register of Legislation, <https://www.legislation.gov.au/Series/C2004A01234>. Note that this act replaced the *Higher Education Funding Act 1988*, which was previously the main legislation governing higher education in Australia.

¹⁰ *Higher Education Support Act 2003 - Commonwealth Grant Scheme Guidelines (02/06/2004)*, Federal Register of Legislation <https://www.legislation.gov.au/Details/F2006B00696>

¹¹ Protocol 5, 7.5.35 of *Higher Education Support Act 2003 - Commonwealth Grant Scheme Guidelines (02/06/2004)*.

the higher education provider."¹² As a result of these changes all public universities were required to have a minimum of three council members with either commercial or financial expertise, and councils were made responsible for “approving significant commercial activities of the higher education provider.”¹³ These changes were designed to make Australian universities more commercialised, internationally competitive, and autonomous, and to give them “increased scope to raise revenue from diverse sources.”¹⁴

To be eligible for an increase in funding, universities had to implement the Guidelines’ stipulations. Unsurprisingly, all of Australia’s public universities did so, and similar policies were subsequently passed at the state level.^{15,16}

...AND THEIR LEGACY

Two decades later, the results of these reforms are clear to see. By the Commonwealth government’s own admission, “systemic issues persist across the higher education sector, including widespread underpayment of staff, suggesting governance arrangements could be improved.”¹⁷ Data from the Commonwealth Parliamentary Library shows that whereas in the year 2000 more than one-third of positions on university councils were elected, by 2020 it was down to one in four. Overall, there has been a 43% decline.¹⁸ The academics that have chosen to serve on university councils now sit with consultants and executives from the private sector, and there have been several cases in which academics have been pushed out for being critical of university governance.¹⁹

Notably for this paper, between 1991 and 2021 the University of Adelaide has gone from requiring eight academic staff to sit on its council, to just one. In the same period, the size of the council has halved.²⁰ The changes at the University of South Australia are smaller — in

¹² Protocol 5, 7.5.35 of *Higher Education Support Act 2003 - Commonwealth Grant Scheme Guidelines* (02/06/2004).

¹³ Protocol 2, 7.5.5(h) of *Higher Education Support Act 2003 - Commonwealth Grant Scheme Guidelines* (02/06/2004).

¹⁴ Nelson (2003b) *Speech, Pursuing Opportunity and Prosperity*, Media Centre, <https://melbourneinstitute.unimelb.edu.au/outlook/assets/2003/BNelson1.pdf>

¹⁵ See Jackson (2003) *Higher Education Support Bill 2003 (Bills Digest No. 56 2003–04)*, https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=r1887

¹⁶ Section 33-15 of the *Higher Education Support Act 2003*.

¹⁷ Australian Government (2023) *Australian Universities Accord Interim Report*, p 115, <https://www.education.gov.au/australian-universities-accord/resources/accord-interim-report>

¹⁸ Faruqi (2021) *The university of the future: higher education built on democracy and equity*, p 2, <https://greens.org.au/campaigns/uni-future>

¹⁹ Moore (2021) ‘Academy of Silences’, *The Saturday Paper*, <https://www.thesaturdaypaper.com.au/life/education/2021/11/27/academy-silences/163793160012955>

²⁰ See *University of Adelaide Act, 1971*, versions January 1991, and July 2021, South Australian Legislation, <https://www.legislation.sa.gov.au/lz?path=/c/a/university%20of%20adelaide%20act%201971>

1991 the council was required to have four elected academic staff, but this requirement is now just one — and the size of the council has reduced from 22-24 members to 15-16 members.²¹

Universities are characterised by a distinct lack of transparency in council-level decision-making. As noted above, universities receive a great deal of public money, and the way in which they spend that money is thus a matter of public interest. However, while councils are required to consider commercial and business interests, they are under no obligation to share their decision-making processes with the public. This is in contrast to most other government-created bodies. For example, the Reserve Bank of Australia regularly publishes the minutes of the Board meeting.²²

The problems that have been created by turning public education institutions into businesses are epitomised by the proposed merger of the University of Adelaide with the University of South Australia.

²¹ *University of South Australia Act 1990*, see versions 1991 and 2021, South Australian Legislation, <https://www.legislation.sa.gov.au/lz/path=%2FC%2FA%2FUNIVERSITY%20OF%20SOUTH%20AUSTRALIA%20ACT%201990>

²² Reserve Bank of Australia (n.d.) *Monetary Policy Minutes*, <https://www.rba.gov.au/monetary-policy/rba-board-minutes/>

The Adelaide University merger

In July 2023, the University of Adelaide and the University of South Australia announced a plan to merge and become ‘Adelaide University’.²³ This came after years of on-again-off-again speculation about the merger, which has been considered since at least 2018.²⁴ It is reasonable to suggest that the state Labor government forced the two universities into the deal because, as part of their campaign for the 2022 election, they pledged to form a commission to look at how to make the merger happen.²⁵ After the Malinauskas Labor government was elected in March 2022, the two universities resumed merger negotiations²⁶ and, just over a year later, they announced their agreement to merge.²⁷ But, however significant the political pressure, the authority to approve the merger rested squarely with the councils of the two universities. The two universities involved have refused to make the business case for the merger public, arguing that it is “commercial in confidence”.²⁸ A South Australian Parliamentary inquiry has looked at various aspects of the merger, including governance.²⁹

Proponents of the merger argue that it will make money. This justification is telling in and of itself; surely the primary rationale should relate to academic standards. A press statement issued in July 2023 by the Office of South Australian Premier Peter Malinauskas—announcing that the South Australian government was planning to invest \$444.5 million in the merger—suggested that the new university would “generate an additional \$100 million

²³ Adelaide University (2023) *Adelaide University: A new university for the future*, <https://adelaideuni.edu.au/>

²⁴ ABC News (2018) ‘University of Adelaide and UniSA decide against merger’, *ABC News*, <https://www.abc.net.au/news/2018-10-23/unisa-and-adelaide-university-decide-against-merger/10418520>

²⁵ Malinauskas (n.d.) *A South Australian University Merger*, https://assets.website-files.com/5eec58442fe1bbc5463e0e44/6056d8af7eac7f0ebabd1ce9_Labor%20University%20Merger%20Policy%20Document.pdf

²⁶ ABC News (2022) ‘University of Adelaide and UniSA revive merger talks, with new combined uni pitched for 2026’, *ABC News*, <https://www.abc.net.au/news/2022-12-07/universities-of-adelaide-and-south-australia-move-to-merge/101746396>

²⁷ Richards et al (2023) ‘University of South Australia and University of Adelaide reach agreement to merge’, *ABC News*, <https://www.abc.net.au/news/2023-07-02/sa-adelaide-university-merger-deal/102547600>

²⁸ Kelsall (2023) ‘Not telling: Unis won’t name business case consultants’, *In Daily*, <https://indaily.com.au/news/2023/07/07/not-telling-unis-wont-name-business-case-consultants/>; In August, a 28-page ‘comprehensive summary’ was eventually released by the two universities, but it still excluded detail they considered to be ‘commercial in confidence’. See Joint Project Management Office (2023) *Feasibility Assessment*, <https://adelaideuni.edu.au/siteassets/docs/business-case-comprehensive-summary.pdf>

²⁹ Parliament of South Australia (2023) *Submissions open: joint committee on the establishment of Adelaide University*, <https://www.parliament.sa.gov.au/en/News/2023/07/11/01/31/Establishment-of-Adelaide>

in research revenue every year” and that, by 2034, it is forecast to contribute “an estimated additional \$500 million per year to the South Australian economy.”³⁰

Remarkably, despite pledging the best part of \$450 million to facilitate it, the South Australian government has been left in the dark about the details of the merger. The Department for Industry, Innovation and Science—which is responsible for higher education policy—was not consulted about the proposed merger.³¹ The Treasury Department has neither tested cost assumptions nor done a risk assessment.³² And Malinauskas himself admitted not long after the merger announcement that he had not seen the full business case for it: “The business cases are the properties of the universities themselves. ... the business cases are exclusively the work of the universities, and it is their intellectual property.”³³

The reason for the extensive secrecy is deeply intertwined with the two universities’ business-minded approach to the deal. University of South Australia’s Vice-Chancellor David Lloyd explained the extensive redaction of the business case by saying, “anything that’s going to impact the competitiveness of the institution we’re probably going to have to redact.”³⁴

Beyond the specifics of the merger, the Adelaide University situation illustrates several problems with university governance that extend beyond the two universities in question.

LACK OF TRANSPARENCY IN DECISION-MAKING

As noted above, the two universities involved have refused to make the business case for the merger public, arguing that it is “commercial in confidence”.³⁵ The University of South

³⁰ Government of South Australia (2023) *Historic agreement to create university for the future*, <https://www.premier.sa.gov.au/media-releases/news-items/historic-agreement-to-create-university-for-the-future>

³¹ Kelsall (2023) ‘Extraordinary’: No govt risk assessment of \$444m SA uni merger’, *In Daily*, <https://indaily.com.au/news/2023/08/09/extraordinary-no-govt-risk-assessment-of-444m-sa-uni-merger/>

³² Kelsall (2023) ‘No Treasury risk assessment of uni merger’, *In Daily*, <https://indaily.com.au/news/2023/09/05/no-treasury-risk-assessment-of-uni-merger/>

³³ Bevan and Feldhoff (2023) *ABC Radio Adelaide Breakfast*, Monday July 3

³⁴ Kelsall (2023) ‘Premier hasn’t seen full uni merger business case despite huge funding pledge’, *In Daily*, <https://indaily.com.au/news/2023/07/03/premier-hasnt-seen-full-uni-merger-business-case-despite-huge-funding-pledge/>

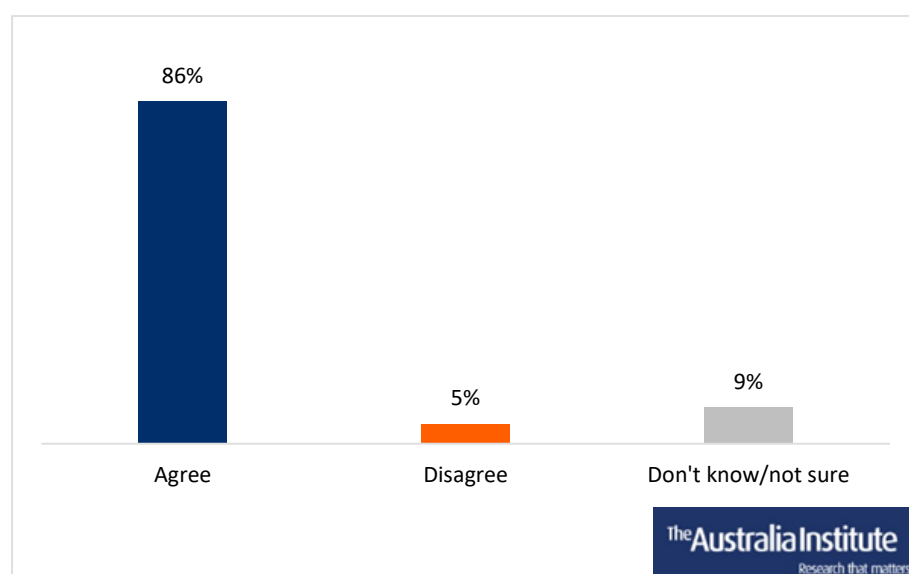
³⁵ Kelsall (2023) ‘Not telling: Unis won’t name business case consultants’, *In Daily*, <https://indaily.com.au/news/2023/07/07/not-telling-unis-wont-name-business-case-consultants/>; In August, a 28-page ‘comprehensive summary’ was eventually released by the two universities, but it still excluded detail they considered to be ‘commercial in confidence’. See Joint Project Management Office (2023) *Feasibility Assessment*, <https://adelaideuni.edu.au/siteassets/docs/business-case-comprehensive-summary.pdf>

Australia's council also refused the inquiry's request to make public the results of the vote it held on the merger.³⁶

This raises serious questions about the motives behind the deal. Students, staff and the public may feel they have a right to know what the councils have agreed to and why — especially given the large amount of public money involved, and the fact that the merger's viability apparently depends on that funding.³⁷ However, current legislation means that the councils are under no obligation to tell anyone what they talk about in their meetings. Is the merger in the best interest of staff and students? Is it in the interests of the public, and public education? It is impossible to say because none of the details of the council's decision are available to the public.

Polling conducted by The Australia Institute between August and September 2023 asked South Australians to what extent they agree or disagree with the following statement: 'The details of the business case for this merger should be made public.' Figure 1 shows that 86% of South Australians agree that the details of the business case for this merger should be made public, including 44% who strongly agree.

Figure 1: Business case for the merger should be made public



Source: Polling of South Australians conducted by The Australia Institute (see Appendix for method)

A Freedom of Information Act request made by South-Australian-based news outlet *In Daily* led to the release of a heavily redacted copy of the minutes of the University of South Australia meeting during which the merger was approved. Only three of the 13 agenda

³⁶ Kelsall (2023) 'Uni keeps 'overwhelmingly positive' merger vote secret', *In Daily*, <https://indaily.com.au/news/2023/08/18/uni-keeps-overwhelmingly-positive-merger-vote-secret/>

³⁷ Kelsall (2023) 'Uni merger in 'unacceptable risk position' without taxpayer funding', *In Daily*, <https://indaily.com.au/news/2023/08/16/uni-merger-in-unacceptable-risk-position-without-taxpayer-funding/>

items—the meeting opening, acknowledgement of country and meeting closure—were unredacted, and the university claimed that making other details public would create “confusion and unnecessary concern” for the public,³⁸ and that redacting the majority of the council minutes satisfied the public interest test because releasing the information would “on balance, be contrary to the public interest”.³⁹

It is hard not to conclude that this approach reflects an attitude of two university councils that are focused first and foremost on business, and on which academic interests are not sufficiently represented. As the Australian Association of University Professors suggested in their submission to the South Australian Parliamentary Inquiry, “it is arguable that the proposal for a merger would not have reached the present stage had there been more appropriate governance drawing on academic experience and expertise.”⁴⁰

One notable detail that remained unredacted in the University of South Australia’s meeting minutes was that a representative of the consultancy firm Accenture was present.⁴¹ This is an example of how deeply involved consultants have become in the management of Australia’s universities.⁴² A few months later, the consultancy firm Deloitte was named as the “integration and transformation partner” contracted to manage the prospective merger. The Chief Executive of Deloitte Asia-Pacific, David Hill, was a member of the University of Adelaide’s council when it voted in favour of the merger.⁴³ Both Deloitte and The University of Adelaide have rejected any notion that this constituted a conflict of interest. Existing University of Adelaide regulations require council members to disclose conflicts of interest to the council, and any member of council with a “direct or indirect personal or pecuniary interest in a matter decided or under consideration by the council ... must not vote in relation to that matter.”⁴⁴

³⁸ Kelsall (2023) ‘REDACTED: UniSA blocks release of merger details’, *In Daily*, <https://indaily.com.au/news/2023/08/15/redacted-unisa-blocks-release-of-merger-details/>

³⁹ Kelsall (2023) ‘REDACTED: UniSA blocks release of merger details’, *In Daily*, <https://indaily.com.au/news/2023/08/15/redacted-unisa-blocks-release-of-merger-details/>

⁴⁰ Blackmore and Moore (2023) *Australian Association of University Professors Submission to the Joint Parliamentary Inquiry on the proposed merger of the University of Adelaide and the University of South Australia* (Submission 55), <https://www.parliament.sa.gov.au/en/Committees/Committees-Detail>

⁴¹ Kelsall (2023) ‘REDACTED: UniSA blocks release of merger details’, *In Daily*, <https://indaily.com.au/news/2023/08/15/redacted-unisa-blocks-release-of-merger-details/>

⁴² Moore (2023) ‘The Big Four consultants have captured universities’, *The Saturday Paper*, <https://www.thesaturdaypaper.com.au/news/education/2023/06/17/the-big-four-consultants-have-captured-universities>

⁴³ Kelsall (2023) ‘Conflict concerns after Deloitte awarded uni merger contract’, *In Daily*, <https://indaily.com.au/news/2023/10/04/conflict-concerns-after-deloitte-awarded-uni-merger-contract>

⁴⁴ *University of Adelaide Act, 1971*, South Australian Legislation, <https://www.legislation.sa.gov.au/lz/path=/c/a/university%20of%20adelaide%20act%201971>

LACK OF ACCOUNTABILITY IN USE OF PUBLIC FUNDING

As noted above, Australian universities receive significant sums of public money. Like the rest of Australia's universities, both the University of Adelaide and the University of South Australia receive the largest portion of their funding from government. In 2021, the most recent year for which official figures are available, they received a combined \$1.1 billion dollars in Australian Government financial assistance, and \$34.9 million in state and local government financial assistance.⁴⁵

Public universities would not exist without this public funding, so it is entirely reasonable to say that the public should know what the councils that run universities do. However, their disclosure obligations regarding the use of that money are significantly less prescriptive than those applied to both other government bodies and private companies. As one commentator has noted, "If this was a proposed merger between two privately owned businesses, [a detailed business plan and other such information] would belong to the shareholders. But the two universities are public institutions, and the public of South Australia needs to know the answers because they are the losers if the merger fails."⁴⁶

Malinauskas has argued that "we [the South Australian Government] don't own the universities" and that "the universities' assets, including their intellectual property, are their own."⁴⁷ But, like every other public university in Australia, the Universities of Adelaide and South Australia only exist because the state government created them. Indeed, the proposed merged university can't exist until and unless the South Australian Parliament passes an Act to create it. As public universities are the product of state laws, it is disingenuous to suggest that the state government does not have the power and the right to see information about the decisions they make.

⁴⁵ Author's calculations; Department of Education (2023) *2021 Higher Education Provider Finance Tables*, <https://www.education.gov.au/higher-education-publications/resources/2021-higher-education-providers-finance-tables>

⁴⁶ Dodd (2023) 'Big questions go unanswered in SA's \$2bn university merger', *The Australian*, <https://www.theaustralian.com.au/higher-education/big-questions-go-unanswered-in-sas-2bn-university-merger/news-story/57e83e7c4128ae330433739ba98db52c>

⁴⁷ Bevan and Feldhoff (2023) ABC Radio Adelaide Breakfast, Monday July 3

Policy solutions

Commonwealth funding has not been contingent on compliance with the Howard-era Guidelines since the Labor party made an amendment to the law in 2008.⁴⁸ Despite this, all state governments have retained the changes to the composition and function of councils demanded by the Commonwealth Government in 2003. This means that the potential to reform university governance has been missed for 15 years. As the situation with the proposed Adelaide University merger demonstrates, this need for reform cannot be ignored any longer. The Australian Universities Accord, announced by Commonwealth Education Minister Jason Clare in November 2022, provides an opportunity to implement such reforms, and this section sets out our recommendations as to policy steps that should be taken to enact meaningful reform of university governance.

UNIVERSITY COUNCIL MINUTES SHOULD BE PUBLISHED

At present, there are no requirements—at the Commonwealth or state level—for any of Australia’s 38 public higher education providers to make the minutes of their council meetings public. Neither university staff, students, nor the public have the right to know the decision-making processes of the councils that govern Australia’s public universities. Just as this is a problem created by the policies discussed above, it is a problem that can be solved by amending those Acts.

Putting in place a legal requirement for the minutes of council meetings to be made public would immediately increase transparency and accountability, and also foster greater trust in our public universities. This would allow university staff, academics, and students, as well as the wider public, to be fully informed participating members of Australia’s public higher education institutions.

To begin with, the Tertiary Education Quality and Standards Agency (TEQSA), the regulatory agency for higher education in Australia, could enforce existing law. The *Higher Education Standards Framework (Threshold Standards) 2021* stipulates that university governing

⁴⁸ See the *Higher Education Support Amendment (Removal of the Higher Education Workplace Relations Requirements and National Governance Protocols Requirements and Other Matters) Act 2008*, Federal Register of Legislation, <https://www.legislation.gov.au/Details/C2008A00089>; and the 2008 Parliamentary Library Bills Digest no. 74, <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fbillsdgs%2FXTUP6%22>

bodies must “maintain a true record of the business of the governing body.”⁴⁹ While universities may be adhering to this, the Framework also states that governing bodies must “develop and maintain an institutional environment in which freedom of speech and academic freedom are upheld and protected, students and staff are treated equitably ... informed decision making by students is supported and students have opportunities to participate in the deliberative and decision-making.”⁵⁰ As the results of the National Tertiary Education survey discussed below shows, this is clearly not the case among staff at the two universities involved in the merger.⁵¹

A bill recently introduced in South Australia would explicitly ensure that university councils are more transparent and accountable to the public. The *South Australia Statutes Amendment (Universities) Bill 2023*, introduced by Greens Member of the Legislative Council Robert Simms in February 2023, proposes that an entirely new section relating to council meetings and minutes be added into the establishing Acts for all three public universities in South Australia. The bill also proposes that council minutes, including the notices and agendas of meetings, be accurate and publicly available. However, the bill includes an exemption from this requirement if the council considers it “necessary and appropriate” for defined reasons. This includes a ‘commercial in confidence’ justification, specifically if the council feels that doing so “could reasonably be expected to confer a commercial advantage on a person with whom the University is conducting, or proposing to conduct, business, or to prejudice the commercial position of the University.”⁵² This is exactly the reason the universities of South Australia and Adelaide have declined to present the business case for the proposed merger, and unless this bill goes further there would be nothing to stop a similar thing from happening again.

Policies regarding university council minutes have also been proposed at the national level. In her discussion paper *The University of the Future*, Australian Greens Senator Dr. Mehreen Faruqi suggests that “all members of a university community should have access to the decisions being made about them.”⁵³ She argues that “without transparency around university council operations and decisions, they [members of a university community] can’t

⁴⁹ Domain 6, Governance and Accountability of the *Higher Education Standards Framework (Threshold Standards) 2021*, Federal Register of Legislation, <https://www.legislation.gov.au/Details/F2022C00105>

⁵⁰ Domain 6, Governance and Accountability of the *Higher Education Standards Framework (Threshold Standards) 2021*, Federal Register of Legislation, <https://www.legislation.gov.au/Details/F2022C00105>

⁵¹ NTEU (2023) *Joint Committee on the Establishment of Adelaide University: NTEU submission* (Submission 9), <https://www.parliament.sa.gov.au/en/Committees/Committees-Detail>

⁵² *Statutes Amendment (Universities) Bill 2023*, South Australian Legislation, [https://www.legislation.sa.gov.au/_/legislation/lz/b/current/statutes%20amendment%20\(universities\)%20bill%202023_hon%20robert%20simms%20mlc/b_as%20introduced%20in%20lc/statutes%20amendment%20universities%20bill%202023.un.pdf](https://www.legislation.sa.gov.au/_/legislation/lz/b/current/statutes%20amendment%20(universities)%20bill%202023_hon%20robert%20simms%20mlc/b_as%20introduced%20in%20lc/statutes%20amendment%20universities%20bill%202023.un.pdf)

⁵³ Faruqi (n.d.) *The University of the Future*, p 3, <https://greens.org.au/campaigns/uni-future>

be full participants in a democratic university. Live-streaming council meetings and promptly making meeting minutes accessible is the bare minimum needed.”⁵⁴

Models for greater transparency could also be drawn from universities in other countries. For example, the University of Turin (Italy) sets out in its General Principles a commitment to transparency based on the recognition that it is first and foremost a public entity.⁵⁵ The meetings of all its Collegial Bodies are held publicly—unlike in Australia, where under the auspices of commercial sensitivity such meetings are commonly held confidentially.⁵⁶

Adopting such a policy would not be a radical change: polling shows that doing so would simply reflect the opinions of university staff, students, *and* the public.

In the case of the prospective Adelaide University, most university staff, academics, and students are unsurprisingly concerned about the lack of transparency surrounding the merger. A National Tertiary Education Union survey of staff from universities in South Australia found that only 25% of respondents supported the merger, and 60% believed they had insufficient information with which to make an informed decision.⁵⁷ This lack of consultation continued right through to the announcement of the merger, which staff were first made aware of via an email sent on a Saturday night.⁵⁸

The majority of Australians agree that the minutes of university council meetings should be public. In polling conducted by The Australia Institute between August and September 2023, a nationally-representative sample of Australians were asked their level of agreement or disagreement with the statement that “the minutes of university council meetings should be made public”. Figure 2 shows that 80% of Australians agree that council meeting minutes should be made public, of whom 34% strongly agree.

⁵⁴ Faruqi (n.d.) *The University of the Future*, p 3, <https://greens.org.au/campaigns/uni-future>

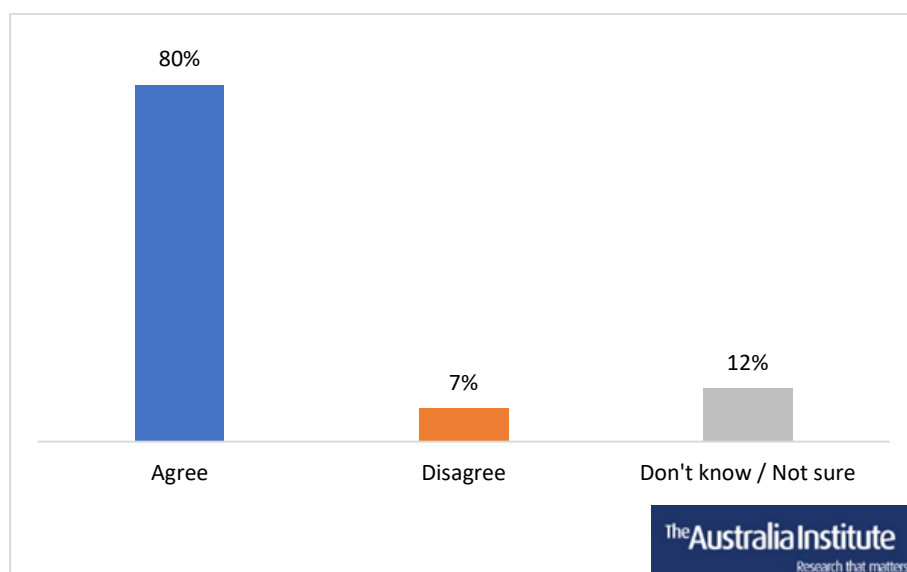
⁵⁵ Hil Thompsett and Lyons (2022) ‘Over the horizon: Is there an alternative to neoliberal university governance?’ *Social Policy*, https://socialalternatives.com/wp-content/uploads/2022/04/HIL-et-al-SA_41_1.pdf

⁵⁶ Hil and Connell (2022) ‘Raewyn Connell on why and how universities need to change, and soon: Interview with Richard Hil’, *Social Alternatives*, <https://www.proquest.com/scholarly-journals/raewyn-connell-on-why-how-universities-need/docview/2658311971/se-2?accountid=14757>

⁵⁷ NTEU (2023) *Joint Committee on the Establishment of Adelaide University: NTEU submission* (Submission 9), <https://www.parliament.sa.gov.au/en/Committees/Committees-Detail>

⁵⁸ Kelsall (2023) ‘University of Adelaide, UniSA agree to merger’, *In Daily*, <https://indaily.com.au/news/2023/07/01/university-of-adelaide-unisa-agree-to-merger/>

Figure 2: University council minutes should be made public



Source: National polling conducted by The Australia Institute (see Appendix for method)

REFORMING UNIVERSITY COUNCILS

The composition of university councils should be reformed to ensure that they are more democratic, and that they primarily focus on education and research. In at least three places, the Universities Accord Interim Report states that “Australian governments should work together to strengthen university governing boards by rebalancing their composition to put greater emphasis on higher education expertise.”⁵⁹ This comes after the Howard-era reforms that stipulated that university councils must include members with commercial and financial expertise.⁶⁰

The Interim Report identifies a series of ‘Priority Actions’, the fifth of which is that “through National Cabinet, [the Commonwealth Government should] immediately engage with state and territory governments and universities to improve university governance, particularly focusing on ... membership of governing bodies, including ensuring additional involvement of people with expertise in the business of universities.”⁶¹

To do this properly, any new legislation must clearly define what is meant by the “business of universities”. Unless it is specified that “the business of universities” is education and research conducted in the public interest, and not increasing operating surpluses, there is no reason to expect a shift in focus. The Interim Report also states that “university

⁵⁹ Australian Government (2023) *University Accords Interim Report*, p 7; 30; 116,

<https://www.education.gov.au/australian-universities-accord/resources/accord-interim-report>

⁶⁰ Chapter 7, *Higher Education Support Act 2003 – Commonwealth Grant Scheme Guidelines (02/06/2004)*.

⁶¹ Australian Government (2023) *University Accords Interim Report*, p 7,

<https://www.education.gov.au/australian-universities-accord/resources/accord-interim-report>

governance could also be improved by drawing more members of governance bodies from people who deeply understand the functions of universities.”⁶² But unless it is clear that the ‘function’ of universities is education and research, there is no reason to expect this to be the focus.

The National Tertiary Education Union offers some ideas of how council membership could be reformed. It calls for a reduction in the “influence of corporate governance and executive power in our universities by reverting to a more collegial model of governance”⁶³ as well as for the development of “open and transparent mechanisms and structures that incorporate staff, students and local communities into their decision-making processes.”⁶⁴

Australian Greens Senator Dr. Mehreen Faruqi also has relevant ideas. She has asked if there should be “a minimum proportion of members of university councils from the university community that are democratically elected by staff and students.”⁶⁵ In South Australia, the *South Australia Statutes Amendment (Universities) Bill 2023* proposes changes to the composition of councils that would decrease the number of appointed members and increase the number of elected members. We agree that elected members should constitute a majority, and that a majority should have genuine expertise in higher education. The existing South Australian university Acts give considerable discretion to the chancellor and the council to determine who and how people are appointed and elected to the council. To give one example, undergraduate and postgraduate student members are “appointed or elected in a manner determined by the council.”⁶⁶ Unless these Acts are reformed to ensure the democratic election of the majority of council members, councils will continue to have the power to appoint their fellow members. The need for reform to how councils make appointments is clearly shown in the referral of the University of New

⁶² Australian Government (2023) *University Accords Interim Report*, p 19,

<https://www.education.gov.au/australian-universities-accord/resources/accord-interim-report>

⁶³ MacDonald, McCarron and Barnes (2022) *2022-2023 Federal Budget Submission: An Alternative Future for Higher Education Policy*, p 5, https://treasury.gov.au/sites/default/files/2022-03/258735_national_tertiary_education_industry_union.pdf

⁶⁴ MacDonald, McCarron and Barnes (2022) *2022-2023 Federal Budget Submission: An Alternative Future for Higher Education Policy*, p 5, https://treasury.gov.au/sites/default/files/2022-03/258735_national_tertiary_education_industry_union.pdf

⁶⁵ Faruqi (n.d.) *The University of the Future*, p 2, <https://greens.org.au/campaigns/uni-future>

⁶⁶ *University of Adelaide Act 1971 (SA)*,

<https://www.legislation.sa.gov.au/lz/path=/c/a/university%20of%20adelaide%20act%201971>; *University of Adelaide Act 1990 (SA)*,

<https://www.legislation.sa.gov.au/lz/path=/c/a/university%20of%20south%20australia%20act%201990> In both acts, the requirement to consult with student associations when appointing or electing student members to council was taken out in the July 2005 versions, the same year the Protocols were introduced.

South Wales's to the NSW Independent Commission Against Corruption because of the way it appointed its vice-chancellor.⁶⁷

The *South Australia Statutes Amendment (Universities) Bill 2023* also proposes that appointed council members must “have qualifications and experience that, collectively, represent a reasonable balance across the public and private sectors.”⁶⁸ The bill does not propose to specifically delete the Protocol-era requirement for at least two council-appointed members to have senior-level financial management expertise, and at least one with senior-level commercial experience. There may be good reasons to include people with business and financial expertise on a university council, and having such expertise should not exclude someone from membership on a council. But, while a “reasonable balance” of qualifications and expertise from both public and private sectors seems justifiable, it does not signal a great departure from the original Protocols. Perhaps the two council members with financial management expertise and the one with commercial expertise should be elected by the staff and students that comprise a university, and not appointed. This would ensure that public and private sector experience could still be represented, but in a way that is accountable to university stakeholders.

The only way to ensure councils democratically represent the university community they represent and act in the public interest is for the Acts of state parliaments that create and regulate Australia's universities to be amended to ensure that the majority of university council members are elected by university staff and students, and that they are drawn from candidates with expertise in education and the public sector. As Constitutional law professor Luke Beck points out, “shareholders, who are the ‘members’ of a company, get to elect a company's board of directors. ... By contrast, the ‘members’ of the university do not choose university councils.”⁶⁹

Universities in other countries offer clear alternatives to Australia's approach to university governance. In her work *The Good University*, sociologist and University of Sydney Emeritus professor Raewyn Connell sketches several examples of better university governance informed by her experience working in seven different universities, including four abroad.⁷⁰ Instead of highly concentrated decision-making at the upper managerial level, Connell shows that university governance can be democratic and participatory. She cites “circulation of leadership, decentralisation of power, deliberative bodies, election of representatives,

⁶⁷ Morton (2023) ‘Exclusive: UNSW referred to ICAC’, *The Saturday Paper*,
<https://www.thesaturdaypaper.com.au/news/education/2023/08/05/exclusive-unsw-referred-icac>

⁶⁸ South Australian Legislation, *Statutes Amendment (Universities) Bill 2023*,
[https://www.legislation.sa.gov.au/lz/path=/b/current/statutes%20amendment%20\(universities\)%20bill%2023_hon%20robert%20simms%20mlc](https://www.legislation.sa.gov.au/lz/path=/b/current/statutes%20amendment%20(universities)%20bill%2023_hon%20robert%20simms%20mlc)

⁶⁹ Moore (2003) ‘The destruction of university faculties’, *The Saturday Paper*,
<https://www.thesaturdaypaper.com.au/news/education/2023/08/26/the-destruction-university-faculties>

⁷⁰ Connell (2019) *The Good University: What Universities Actually Do and Why it's Time for Radical Change*, Monash University Publishing.

participatory decision-making, and inclusive discussions of policy” as ways in which the higher education sector could be democratised.⁷¹

In contrast to the Australian model, universities in other countries place a much higher value on experience in the higher education sector. At Maastricht University in the Netherlands, for example, the university council is comprised of 20 members, equally divided between students and staff (six academic staff and four support staff). These members are elected annually; students serve terms of one year, and staff serve terms of two years.⁷²

THE ROLE OF UNIVERSITIES

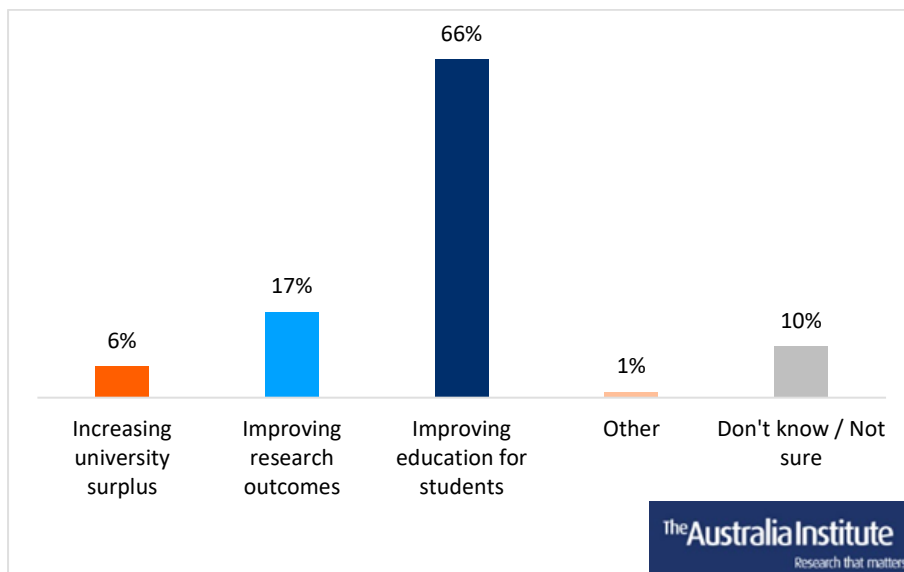
The debate around the Adelaide University merger reflects wider discussions about the role that universities should play in Australian society. Polling conducted by The Australia Institute between August and September 2023, a nationally-representative sample of Australians were asked to choose from a series of options as to what they felt the primary concern of university councils should be: increasing university surplus; improving research outcomes; improving education for students; other; and don’t know/not sure. As Figure 3 below shows, two in three Australians (66%) think that improving education for students should be the primary concern of university councils. This echoes earlier polling conducted by The Australia Institute, which found that 83% of Australians were concerned about universities focusing on profit at the expense of education.⁷³

⁷¹ Hil and Connell (2022) “Raewyn Connell on why and how universities need to change, and soon: Interview with Richard Hil”, *Social Alternatives*, <https://www.proquest.com/scholarly-journals/raewyn-connell-on-why-how-universities-need/docview/2658311971/se-2?accountid=14757>

⁷² Maastricht University (2023) *Elections*, <https://www.maastrichtuniversity.nl/about-um/organisation/participation-representation/elections>

⁷³ Littleton (2023) *Public Attitudes on Issues in Higher Education*, p 2, <https://futurework.org.au/wp-content/uploads/sites/2/2023/07/Public-attitudes-on-education-FINAL.pdf>

Figure 3: Primary concern of public university councils



Source: National polling conducted by The Australia Institute (see Appendix for method)

Conclusion

Perhaps it is a good idea to merge the University of Adelaide with the University of South Australia. Perhaps the councils that run both universities are making a great decision that is in the best interest of all involved. However, as the councils are under no obligation to release the reasons behind their decisions, all anyone can do is guess as to what those reasons might be.

The air of secrecy with which the merger discussions have been conducted exemplifies fundamental problems with the way in which Australia's universities are run. These problems have their genesis in the Howard government's insistence on universities being seen as—and being run as—businesses. In 2023, Australia's universities are more business-focused than ever.

The university culture fomented by Howard-era reforms has become entrenched over two decades. There is no reason to expect that this will change unless there is government intervention to bring about change.

The Adelaide University situation demonstrates two measures that can and should be taken immediately to encourage transparency in governance and a renewed focus on education over profit:

- Requiring university councils to publish the minutes of their meetings. Legally requiring the minutes of council meetings to be made public would immediately increase transparency and accountability and instil greater trust in our public universities. This would allow university staff, academics, and students, as well as the wider public, to be fully informed participating members of Australia's public higher education institutions. As our polling shows, this is a move that the majority of Australians support.
- Reforming the composition of university councils to ensure that they represent the interests of the staff and students that comprise universities, and that their primary focus remains educational excellence. To this effect, the Acts of state parliaments that create and regulate Australia's universities should be amended to ensure that the majority of university council members are elected by university staff and students, and that they are drawn from candidates with expertise in education and the public sector. To ensure accountability, council members with financial management or commercial expertise could be elected rather than appointed.

Since the introduction of the National Governance Protocols in the early 2000s, public universities and their governing bodies have been increasingly shaped to resemble private businesses. The explicit requirement to have financial and commercial expertise and

external members on councils is a prime example of this change. Such requirements have increased the potential for greater focus on profit-generating activities and opportunities that are in line with corporate interests. This is happening in an environment of opacity, reduced public funding over time,⁷⁴ and increased reliance on revenue from international student fees.

The Adelaide University merger represents the logical conclusion of this process: it is driven by commercial interests, and so shrouded in secrecy that even South Australia's Premier has not seen the business case for the merger—despite agreeing to invest \$445.5 million of public money in the process. It also provides the impetus for the long-overdue changes needed to refocus Australia's universities on excellence in education, rather than excellence in increasing operating surpluses.

⁷⁴ Littleton (2022) *At the Crossroads: What is the post-COVID future of Australia's public universities?*, https://australiainstitute.org.au/wp-content/uploads/2022/04/At_the_Crossroads_-_FINAL_2.pdf

Appendix: Polling

Method

Between 29 August and 6 September 2023, The Australia Institute surveyed adults living in Australia and in South Australia, online through Dynata’s panel, with nationally representative samples by gender, age group and state/territory, and South Australian representative samples by gender and age group.

Survey dates and sample sizes are listed in the table below.

	National	South Australia
Month and dates	29 August to 1 September, 2023	29 August to 6 September 2023
Sample size	1,002 A further 406 South Australians and 127 Queenslanders were sampled to produce more precise results, but weighting was used to ensure that people from these states were not over-represented in national results.	605 The further 406 South Australians in the national sample are included as part of this SA sample.

Voting crosstabs show voting intentions for the House of Representatives. Those who were undecided were asked which way they were leaning; these leanings are included in voting intention crosstabs.

The research is compliant with the [Australian Polling Council Quality Mark standards](#). The long methodology disclosure statement follows.

Long disclosure statement

The results were weighted by three variables for the national results (gender, age group and state or territory) and by two variables (gender and age group) for the South Australian results, based on Australian Bureau of Statistics [“National, state and territory population”](#) data, using the raking method. Those who answered the gender identity question as “Non-binary”, “I use a different term”, or “Prefer not to answer” had their responses included with females for the purpose of reporting, due to constraints from weighting data availability. This resulted in an effective sample size of 1,138 for the national results and 575 for the South Australian results.

The margin of error (95% confidence level) for the national results is $\pm 3\%$. The margin of error (95% confidence level) for the South Australian results is $\pm 4\%$.

For the national data, results are shown only for larger states.

University councils, transparency and the Adelaide University merger

Voting intention questions appeared just after the initial demographic questions, before policy questions. Australian respondents were asked lower house voting intention only. For the South Australian respondents, lower house voting intention was asked first, followed by upper house voting intention. Respondents who answered “Don’t know / Not sure” for voting intention were then asked a leaning question; these leanings are included in voting intention crosstabs. “Coalition” includes separate responses for Liberal and National. “Other” refers to Independent/Other, and minor parties in cases where they were included in the voting intention but represent too small a sample to be reported separately in the crosstabs.



Detailed results

No preceding questions in the poll are expected to have influenced the results of the questions published here.

Government funding is the largest source of funding for public universities, which are owned by state and federal governments. Public universities usually have a university council, which makes decisions about how that university is run. To what extent do you agree or disagree with the following statement? ‘The minutes of university council meetings should be made public.’

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>	<i>SA</i>
Strongly agree	34%	37%	32%	37%	33%	32%	26%	31%
Agree	46%	45%	48%	47%	46%	46%	52%	48%
Disagree	6%	7%	6%	7%	8%	6%	4%	6%
Strongly disagree	1%	1%	1%	0%	1%	1%	3%	1%
Don't know / Not sure	12%	10%	14%	9%	13%	15%	15%	14%

	<i>Total</i>	<i>Labor</i>	<i>Coalition</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Strongly agree	34%	35%	32%	32%	38%	38%
Agree	46%	45%	50%	48%	43%	38%
Disagree	6%	7%	6%	6%	4%	5%
Strongly disagree	1%	1%	1%	2%	0%	1%
Don't know / Not sure	12%	11%	11%	12%	15%	18%

The first three response options for the following question were randomised.

What do you think should be the primary concern of university councils?

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>	<i>SA</i>
Increasing university surplus	6%	9%	4%	6%	5%	5%	9%	5%
Improving research outcomes	17%	17%	17%	21%	17%	16%	9%	16%
Improving education for students	66%	66%	66%	62%	65%	68%	74%	69%
Other	1%	1%	1%	1%	2%	1%	0%	2%
Don't know / Not sure	10%	8%	12%	10%	11%	10%	8%	8%

	<i>Total</i>	<i>Labor</i>	<i>Coalition</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Increasing university surplus	6%	7%	6%	7%	7%	2%
Improving research outcomes	17%	20%	16%	15%	10%	12%
Improving education for students	66%	63%	69%	68%	68%	65%
Other	1%	1%	1%	0%	0%	4%

University councils, transparency and the Adelaide University merger

Don't know / Not sure	10%	10%	7%	10%	14%	17%
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The following question was asked only of South Australian respondents.

The University of Adelaide and the University of South Australia are planning to merge to become one institution. The South Australian Government has committed \$446 million in funding to the merger. To what extent do you agree or disagree with the following statement?

'The details of the business case for this merger should be made public.'

	Total	Male	Female	Metro	Regional
Strongly agree	44%	51%	37%	45%	43%
Agree	42%	37%	47%	41%	45%
Disagree	4%	5%	3%	5%	1%
Strongly disagree	1%	1%	1%	1%	2%
Don't know / Not sure	9%	6%	12%	9%	9%

	Total	Labor	Coalition	Greens	PHON	Other
Strongly agree	44%	43%	46%	39%	48%	52%
Agree	42%	42%	40%	51%	39%	35%
Disagree	4%	5%	4%	3%	10%	0%
Strongly disagree	1%	0%	2%	1%	0%	0%
Don't know / Not sure	9%	10%	9%	6%	3%	13%

Briefing Paper:

Public Attitudes on Issues in Higher Education¹

by Eliza Littleton

July 2023

Summary

Stronger public universities are vital to the success of dynamic, innovative economies, and more inclusive labour markets. But decades of fiscal restraint and corporatisation have eroded the democratic governance and equitable delivery of public higher education in Australia. There are widespread concerns among both university staff and the broader Australian community regarding many higher education issues: including funding, governance, the insecurity of work in universities, the quality of education, and the affordability of attending university. This report combines data from the Department of Education, the OECD, and original survey data from a national poll conducted by the Centre for Future Work to draw attention to key challenges facing public universities today. The Federal Government's new 'Universities Accord' creates an important opportunity to address these challenges and put higher education back on a better path.

Key findings of this report include:

- Federal Government funding for universities (excluding HELP) has fallen from 0.9 per cent of GDP in 1995 to 0.6 per cent of GDP in 2021 – implying a \$6.5 billion reduction in funding in 2021 (equal to 46.5 per cent of current higher education funding).
- On a per student basis, Commonwealth higher education funding has declined significantly in the last decade.
- Almost three in four (74 per cent) Australians reported being concerned about the decline in government funding per student for public universities over the last 10 years, with 35 per cent saying they were very concerned.
- Since 1995, private sources of revenue have doubled as a share of university revenue: increasing from 21.7 per cent to an all-time high of 43 per cent in 2019.

¹ This report was commissioned by the National Tertiary Education Union.

- Five in six (83 per cent) Australians said they were concerned that universities focus on profit at the expense of education, with half (50 per cent) very concerned.
- Four in five (79 per cent) Australians agreed that Vice-Chancellor salaries should be capped so they are not paid more than the Prime Minister, with 45 per cent strongly agreeing.
- Casual work is on the rise at universities. While total employment has grown on average by 2.3 per cent per year between 1999 and 2019, casual employment has grown almost twice as fast (4.5 per cent per year) over the same period.
 - Casual employment now accounts for 40 per cent of jobs at public universities.
- Half (51 per cent) of Australians reported that a mostly permanent faculty would provide the best university education for students.
 - 22 per cent believe there would be no difference in quality between sessional/contract and permanent staff.
 - 17 per cent said mostly sessional and contract staff would be best for a student's education.
- More than two in three (68 per cent) Australians reported being concerned about larger class sizes and fewer faculty per student, with one in four (25 per cent) who said they were very concerned.
- Degrees are becoming more expensive for students. Average HELP debt has doubled since 2008: increasing from \$12,990 to \$24,771 in 2022.
- Two in three (67 per cent) Australians said it costs too much to attend university. 22 per cent said the cost was about the right amount, and only 2 per cent of Australians said it costs too little.
- University fees in Australia are high by international standards. Tuition fees make up 51 per cent of total funding for universities in Australia, compared to the OECD average of 22.3 per cent.
- Three in four (76 per cent) Australians reported that they were concerned about student debt burden, with 44 per cent who said they were very concerned.
- Six in seven (85 per cent) Australians agreed that any Australian with interest and pre-requisites should be able to receive a university education, regardless of their personal financial circumstances, with 47 per cent who strongly agree.

Introduction

Public higher education fulfils a vital role in society. Universities educate workers of the future, equipping them with the skills, knowledge and critical thinking required for full participation and inclusion in a constantly changing labour market. Functioning at the intersection of abstract learning and practical pursuits, higher education improves the quality of economies, the incomes and wellbeing of households and individuals, and the strength of democracy. But higher education is not just crucial for labour force development: it has intrinsic value, too, connecting students and scholars to a broader view of humanity that examines values, ethical purpose, the wisdom of different cultures, and the full diversity and richness of human thought. Universities also make a considerable economic contribution via employment, tax revenue, and economic growth every year. Universities are one of Australia's biggest export industries: generating tens of billions of dollars in export revenues from international enrolments. But to continue making these important contributions, public universities need to be well-funded, and guided by good policy.

Decades of fiscal restraint and market-oriented higher education policy have eroded public funding and put the sector on the path of increasing corporatization. This has undermined the capacity of universities to meet their public service mandate: namely, provide accessible, quality higher education for all who desire it. Australia's public university system is plagued with issues that stem from the financial and policy mismanagement of the sector – including declining public funding, corporate businesses models, poor quality employment, and unaffordable university education. Public universities are no longer serving the public interest of equitably delivering education and offering good employment to those who work there.

The Federal Government's Universities Accord has been described as a 'once in a generation opportunity for a visional plan' for higher education.² The Education Minister's objective for the Accord is to address challenges in the sector and set higher education on a better path for the future.³ This includes investment and affordability, access and opportunity, governance, quality, and sustainability of education, and meeting the knowledge and skills needs of Australia. It will take ambitious and positive change to achieve these goals.

The worrisome trajectory of higher education has not gone unnoticed by Australians. There is broad concern in the community about how far universities have strayed from being democratically governed, publicly accountable, and accessible institutions and employers. An Accord process that restores adequate funding and improves the governing of higher education (with workers and students in mind) would ensure that

² Ketchell, M. (2023) *Introducing our new series on the future of Australian higher education*, <https://theconversation.com/introducing-our-new-series-on-the-future-of-australian-higher-education-203760>

³ Clare, J. (2023) *Release for Australian Universities Accord Discussion Paper*, <https://ministers.education.gov.au/clare/release-australian-universities-accord-discussion-paper>

education is treated again as a public service and a human right, rather than a traded community.

Funding and Governance

Since the re-introduction of university fees and the Dawkins reforms⁴ of the late 1980s, higher education policy in Australia has compelled public universities to operate like corporate businesses. As the Federal Government gradually relinquished financial responsibility for higher education and facilitated the growing influence of corporate interests within university governing structures, universities have been increasingly reshaped by the economic and political agenda of commercialisation, deregulation, and privatisation.

Federal Government higher education funding (excluding HELP) has fallen from 0.9 per cent of Gross Domestic Product (GDP) in 1995 to 0.6 per cent of GDP in 2021. A decline of 0.3 percentage points may sound small, but that reduction in funding was equivalent to \$6.5 billion in foregone funding in 2021. That is equivalent to 46.8 per cent of current Federal Government funding (excluding HELP).⁵ In other words, if federal support had maintained the same size relative to Australia's economy, Commonwealth funding for universities would be almost 50% greater today.

While Federal Government funding for higher education has grown in nominal terms, it has not even kept up with inflation – let alone the growing population and enrolments. Figure 1 shows that in the decade since 2013, funding for higher education fell by 2.4 per cent in real terms (after adjusting for inflation) by 2022-23.⁶ This is despite growth in domestic student enrolment of 18 per cent between 2013 and 2021, and the expectation of continued enrolment growth into the future.⁷ The combination of a decline in real federal funding with growth in enrolment has produced a more dramatic decline in the amount of real federal spending per domestic student.

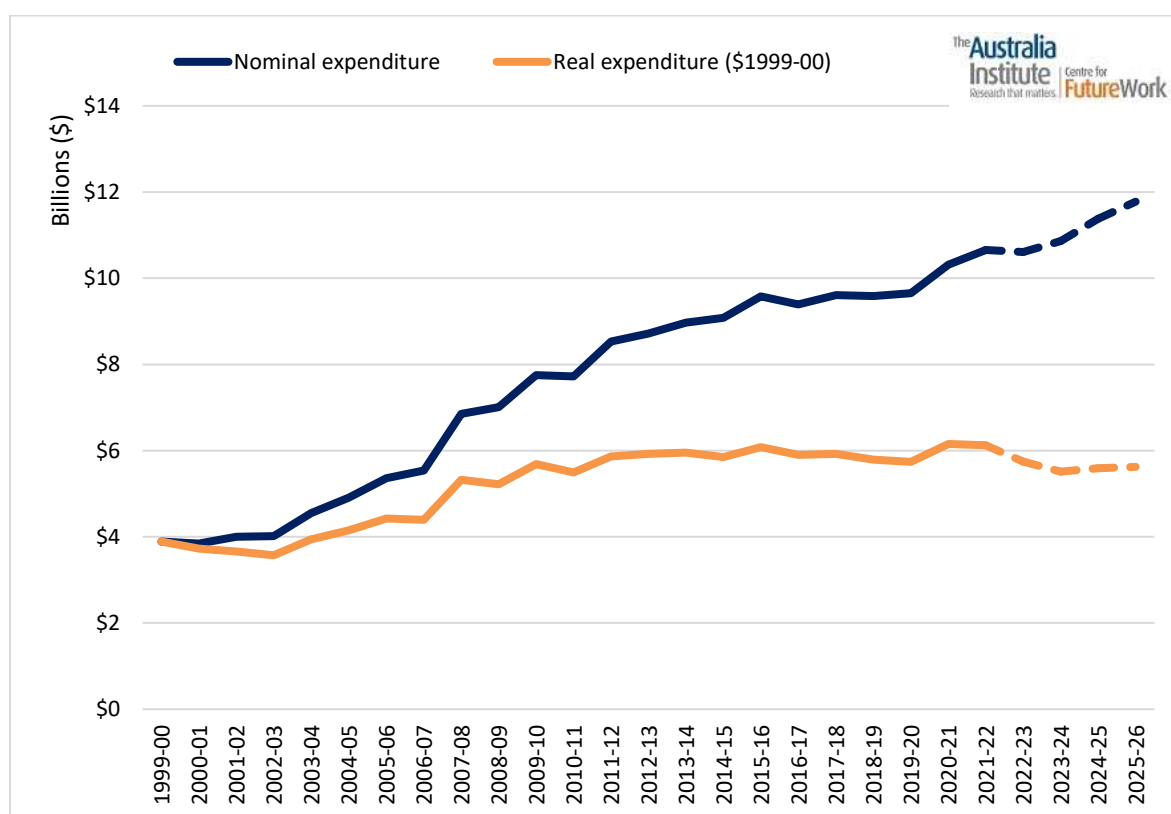
⁴ The reforms included the introduction of income contingent loans for university fees (the Higher Education Contribution Scheme), the centralization of research funds via the Australian Research Council forcing universities to compete for research grants, looser government controls over the governance at universities, and deregulation of fees. The reforms resulted in the amalgamation of universities.

⁵ Department of Education (various years) *Higher Education Finance Tables*, <https://www.education.gov.au/higher-education-publications/finance-publication> ; Department of Industry, Science and Resources (2021) *Science, research and innovation budget tables*, <https://www.industry.gov.au/publications/science-research-and-innovation-sri-budget-tables>

⁶ Note: the \$1 billion of one-off research funding granted to public universities during 2021-22 to provide support during the pandemic was taken out of nominal and real expenditure as it does not represent ongoing growth to public funding for universities.

⁷ Department of Education (2022) *Selected Higher Education Statistics – 2021 Student data*, <https://www.education.gov.au/higher-education-statistics/student-data/selected-higher-education-statistics-2021-student-data>

Figure 1: Federal funding for higher education nominal and real (excluding HELP)



Source: Authors calculations based on PBO's historical fiscal data, 2022-23 Budget Paper No. 1 and ABS CPI figures.

Note: Dotted lines are budget projections of future funding in 2022-23 Budget Paper No. 1 (page 185)

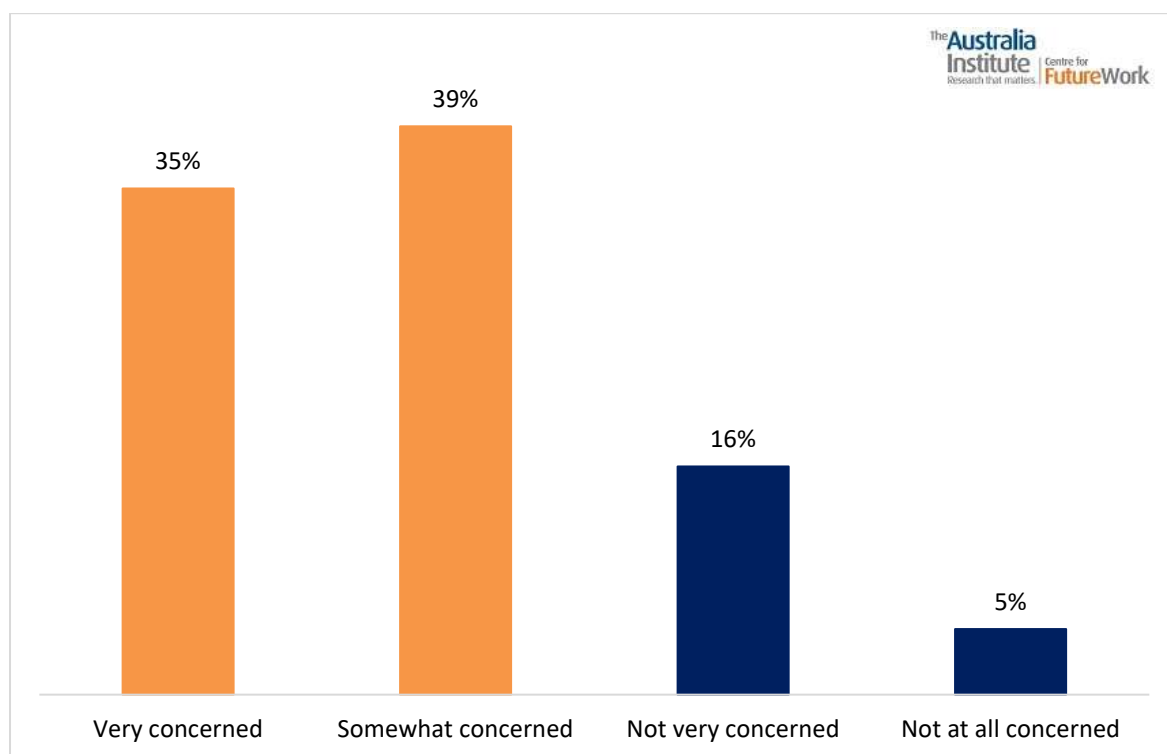
Forcing universities to teach and research with less resources has broad-reaching consequences for the quality of teaching, research, and employment at universities. The erosion of government funding for higher education is thus a concerning trend with wide-ranging consequences.

A broad cross-section of Australians share this concern with declining public funding for universities. This is confirmed by the findings of an original public opinion survey conducted by the Centre for Future Work on the 14th to the 17th of March 2023. A nationally representative sample of 1002 adults were surveyed, more details about the methodology can be found in the appendix.

Survey respondents were asked how concerned, if at all, they were about the roughly 20 per cent decline in government funding per student (after inflation) for public universities over the last 10 years. Almost three in four (74 per cent) Australians reported being concerned about the decline in government funding, with 35 per cent who said they were very concerned (see Figure 2). Only 20 per cent of Australians reported that they were not very or not at all concerned. Importantly, this level of concern varies little across voting intention, with a strong majority of Coalition (70 per cent), Labor (79 per cent), and Greens (79 per cent) voters reporting that they were

either very or somewhat concerned. The declining role of government responsibility in financing universities is thus not popular across the aisle.

Figure 2: Level of concern about declining government funding for universities

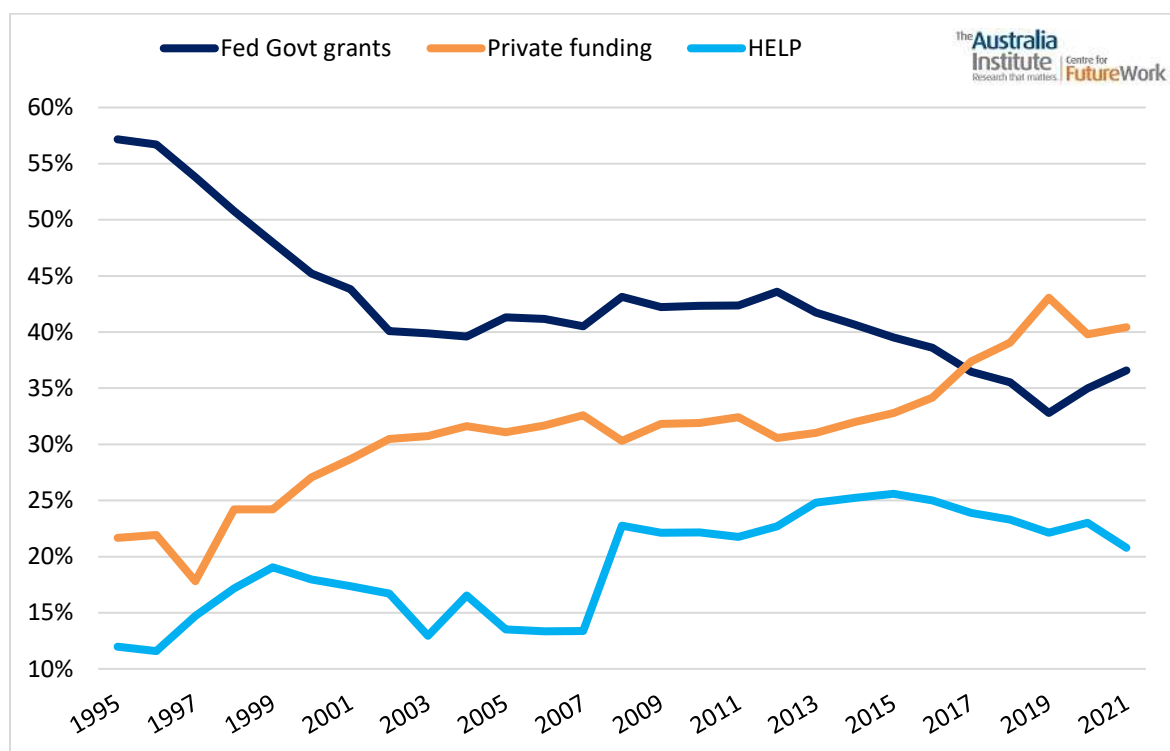


Source: Survey results as described in text.

Reducing public financing as enrolments have expanded has forced universities to seek additional sources of revenue from the private sector, which as a result have increased dramatically as a share of overall revenue. Figure 3 shows that Federal Government funding for public universities as a portion of university revenue has fallen from 57.2 per cent in 1995 to a low of 32.8 per cent in 2019. Federal funding increased slightly in 2020 and 2021 due to a one-off boost of \$1 billion in research funding to assist universities through the pandemic, but that did not represent a sustained departure from the downward trend in public funding.

Meanwhile, property development, investments, international student fees, and commercially oriented research income have become core revenue sources for universities. Since 1995, these private sources of revenue have doubled as a share of total university income: increasing from 21.7 per cent to a high of 43 per cent in 2019, before a slight decline in 2020 and 2021 to 40 per cent of total revenue (see Figure 3). Today international student fees make up 22 per cent of total revenue, investment income makes up a further 8.4 per cent, and donations, bequests, non-government grants, and disposal of property make up 5 per cent.

Figure 3: Public university sources of funding as a percentage of total revenue, 1995-2021



Source: Author's calculations based on DESE (various years) *Higher Education Providers Finance Tables*

It is also noteworthy that domestic student contributions (via HECS and HELP) to university revenue as a proportion of revenue have increased from 12 per cent in 1995 to 20.8 per cent in 2021 – indicating that Australian students and their families are providing a much greater share of funding (Figure 3).⁸

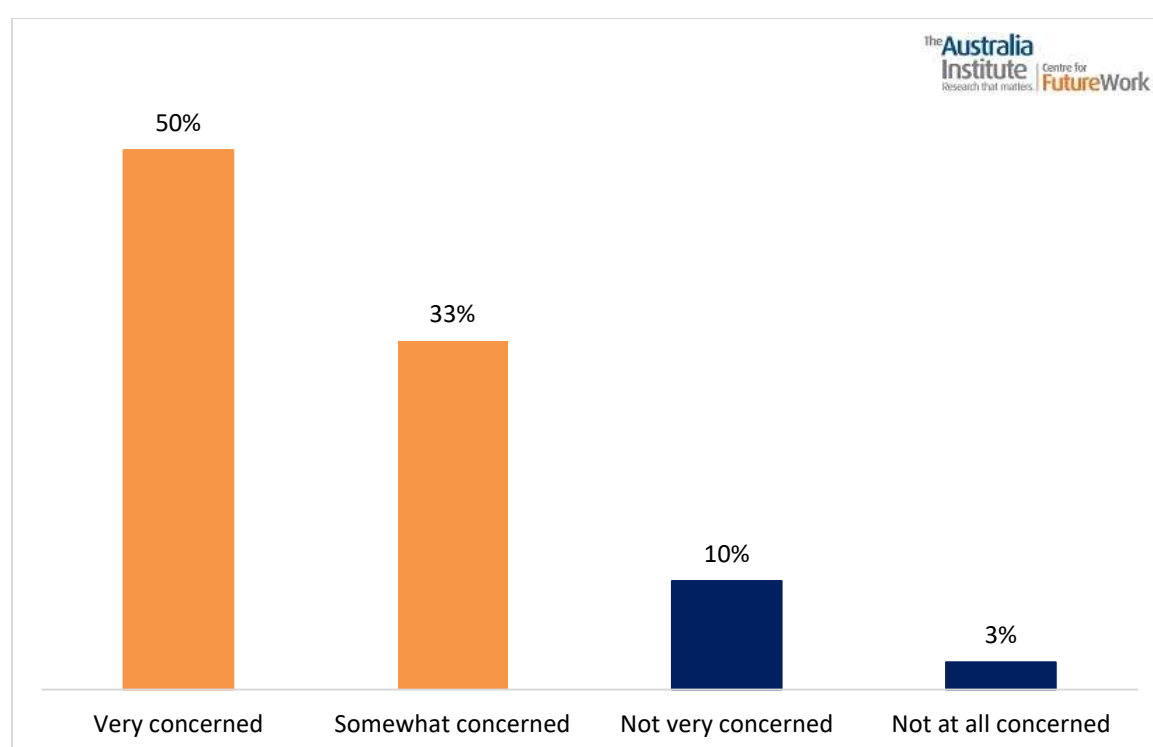
Declining government support for universities and growing reliance on private funding has pressured these public institutions to adopt a business model shaped intrinsically by competitive market considerations. Universities subjected to market pressures have re-constituted in corporate like forms, increasing prices wherever possible and prioritising cost saving measures. The corporatisation of universities has led to overreliance on international student fees, the rise of casual employment and short-term contracts for university workers, widespread wage theft, neglect of less 'lucrative' disciplines (such as visual arts and subjects in the humanities), and eroding accessibility to education for students. But more than this, the focus on university administrators on their institutions' 'profitability' has subordinated the public service of providing quality higher education to a very commercial vision.

While the corporatisation of public universities has been a slow and pervasive transformation, Australians are aware and concerned about the impact this has on the

⁸ The portions of revenue don't sum to 100 as not all sources of revenue were included in the graph. The sources left out include state and local government assistance, upfront domestic student contributions etc. all which make up a small percentage of total revenue.

quality of education for students. Survey respondents were asked how concerned, if at all, they are that universities are focused on profit at the expense of education. Figure 4 shows that more than four in five (83 per cent) Australians said they were concerned that universities focus on profit at the expense of education, with half of all respondents (50 per cent) who were very concerned. Supporters of both major parties are in agreement that this is a concerning trend, with 81 per cent of Coalition voters and 84 per cent of Labor voters reporting that they were concerned about the impact of the profit motive on the quality of education.

Figure 4: Level of concern that universities prioritise profit over education



Source: Survey results as described in text.

One of the clearest indications that public universities are increasingly being run like businesses is the salaries of Vice Chancellors. Australian public university Vice-Chancellors are amongst the highest paid in the world. Their annual salaries averaged almost \$1 million in 2020.⁹ Similar to the way CEO remuneration is often determined by corporate boards in the private sector, Vice-Chancellor salaries are determined by university councils – which now consist largely of members appointed from corporate backgrounds.¹⁰ Some claim that these high salaries are necessary because of the need to compete with the private sector for CEO talent. For example, Universities Australia’s chief executive Catriona Jackson claims that “vice-chancellors’ salaries are set by university governing bodies and are subject to carefully conducted benchmarking

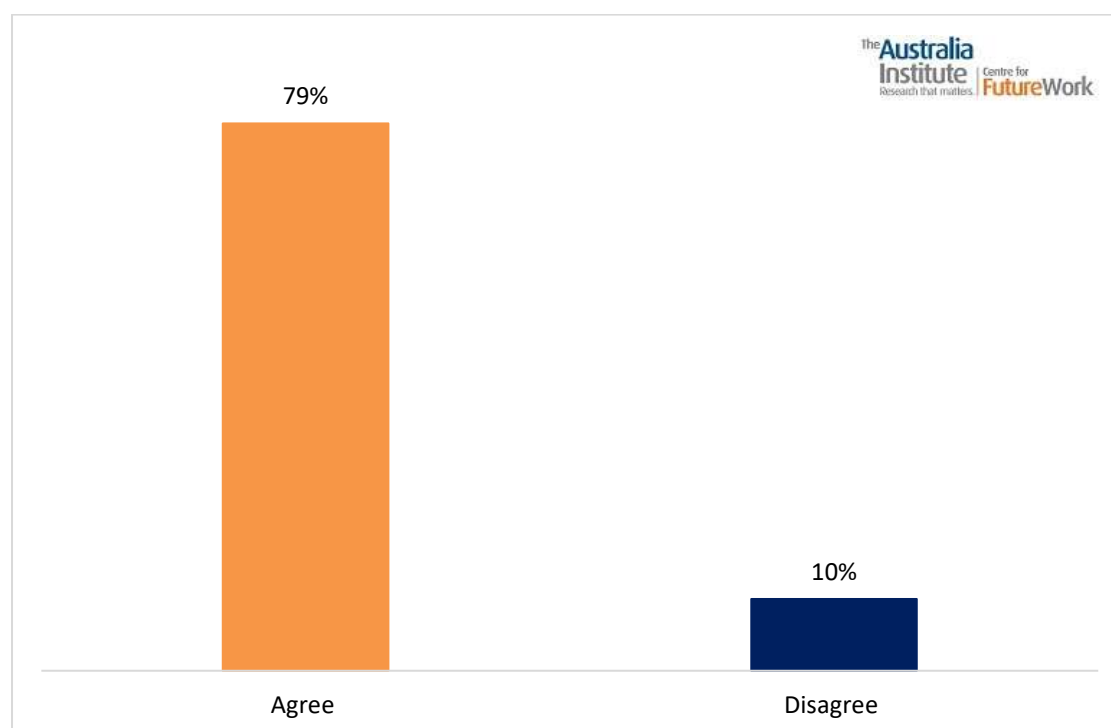
⁹ Littleton, E. (2022) *At the Crossroads: What is the post-COVID future of Australia’s Public universities*, <https://futurework.org.au/report/at-the-crossroads/>

¹⁰ Parliamentary Library data, cited in Mehreen Faruqi (2021) *The university of the future: higher education built on democracy and equity*, <https://greens.org.au/campaigns/uni-future>

against similarly large and complex institutions.”¹¹ This constitutes a fundamental departure from the way other public institutions approach remuneration. For example, the average Vice-Chancellor salary is almost twice that of the Prime Minister of Australia – arguably the most important job in the country.

Survey respondents were asked whether they agreed or disagreed that Vice-Chancellor salaries should be capped, so no Vice-Chancellor is paid more than the Prime Minister.¹² Four in five (79 per cent) Australians agreed that Vice-Chancellor salaries should be capped so they are not paid more than the Prime Minister, with 45 per cent who strongly agreed. Only 10 per cent of Australians disagree.

Figure 5: Attitudes towards a Vice-Chancellor salary cap



Source: Survey results as described in text.

Universities are very important public institutions: they provide skills and career pathways, are engines of research and knowledge creation, and hence fulfil a vital public service. However, the hybrid, ‘public-private’ status of universities – they are funded in part by public money, and are ultimately accountable to government, but are dependent on private revenues for an increasing share of their funding – threatens the capacity of higher education to fulfil that its important public mission. The primacy of finances at universities has broad-reaching implications for the quality of education and

¹¹ Bitá, N. (2022) *Academics call for cut to vice-chancellors’ pay*, The Australian, <https://www.theaustralian.com.au/higher-education/academics-call-for-cut-to-vicechancellors-pay/news-story/d5ce23962c4bd4ee73118df566cb2c25>

¹² Respondents were provided with the following preamble to the question: A university’s Vice Chancellor is its chief executive, responsible for the leadership, management and development of the university. Australian Vice Chancellors are some of the highest paid internationally, with some being paid over a million dollars a year.

employment – turning degrees into commodities, students into customers, and workers into a target for cost cutting.

Insecure Work and the Quality of Teaching

Employee expenses make up the largest share (57.6 per cent) of university expenses.¹³ This includes wages and salaries, superannuation and pension contributions, payroll tax, leave entitlements and workers compensation for academic and non-academic staff. Teaching and research, the primary services performed by universities, are inherently labor-intensive activities, and hence labour costs naturally constitute a large share of total university expenses. This is also true in other human and public service industries. However, this does make labour costs a prime target for cost-cutting measures when universities aim to reduce expenditure. As universities have become more corporatized, their strategies for cutting labour costs have become more aggressive, and similar to labour cost suppression strategies common in the private sector. The result has been increasing use of casual and temporary contracts, larger class sizes, increased workloads for staff, and even widespread wage theft.¹⁴

Over the past 30 years, insecure employment has become a core business strategy in the higher education sector. According to the Department of Education, between 1991 and 2020 the number of casual staff employed at Australian universities has increased from 7,475 to 23,946 (in full-time equivalents, FTE).¹⁵ While total employment has grown on average by 2.3 per cent per year between 1999 and 2019, casual employment has grown by 4.1 per cent per year over the same period.¹⁶ FTE measures of employment, however, mask the true scale of casual employment. Based on figures from the Australian Charities and Not-for-profits Commission in 2020, there were over 84,000 university staff employed on a casual basis – now accounting for 40 per cent of total employment at public universities.

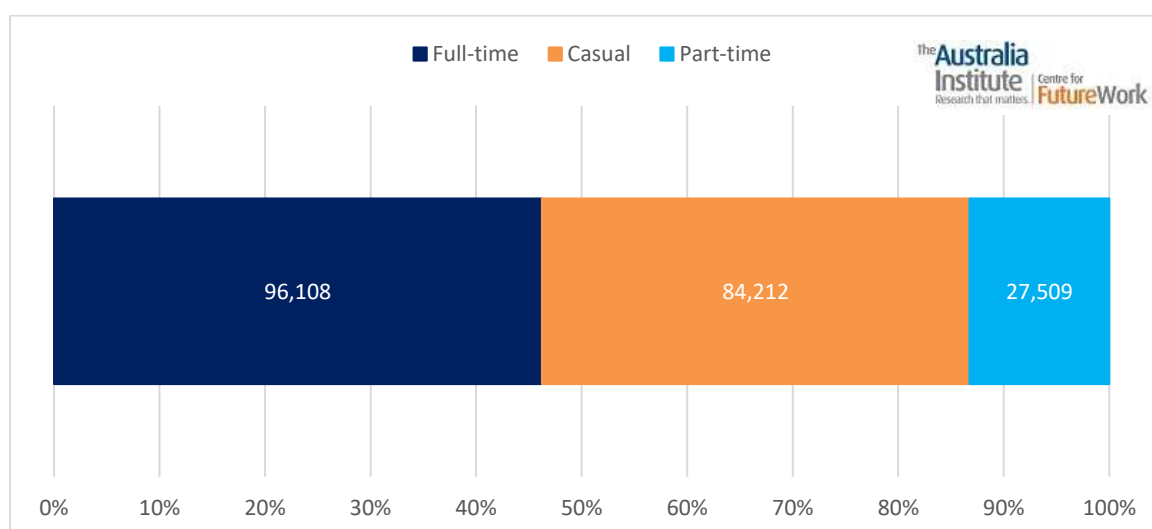
¹³ Department of Education (2023) *Finance Publication, 2021 Finance Tables*, <https://www.education.gov.au/higher-education-publications/finance-publication>

¹⁴ Wage theft is the underpayment of employees or withholding of entitlements. There have been numerous cases of systemic wage theft in the Australian university sector recently. See Hare J. (2023) *Unis admit underpaying casuals by \$83m: report*, <https://www.afr.com/work-and-careers/workplace/wage-theft-rife-in-university-sector-report-20230217-p5cld3>

¹⁵ Note: this is the Departments estimate.

¹⁶ Department of Education (2022) *2021 Staff full-time equivalence*, <https://www.education.gov.au/higher-education-statistics/resources/2021-staff-fulltime-equivalence>

Figure 6: University employment numbers, 2020



Source: Author's calculations based on Australian Charities and Not-For-Profit Commission (2020) *2020 Annual Information Statement for all public universities*.

The deteriorating quality and security of employment is a major concern for both workers in the sector and the quality of education they can deliver. Casual employment denies workers basic job security and entitlements (such as paid personal and sick leave) and allows employers to shed staff quickly and costlessly when they desire. This 'design feature' of casual employment was utilised extensively during the pandemic; large numbers of casual staff were discarded by universities within months of the onset.¹⁷ A recent OECD report also warns that increased casualisation of university staff and accompanying job precarity are associated with lower incomes and greater job dissatisfaction and can detract from the provision of quality education.¹⁸

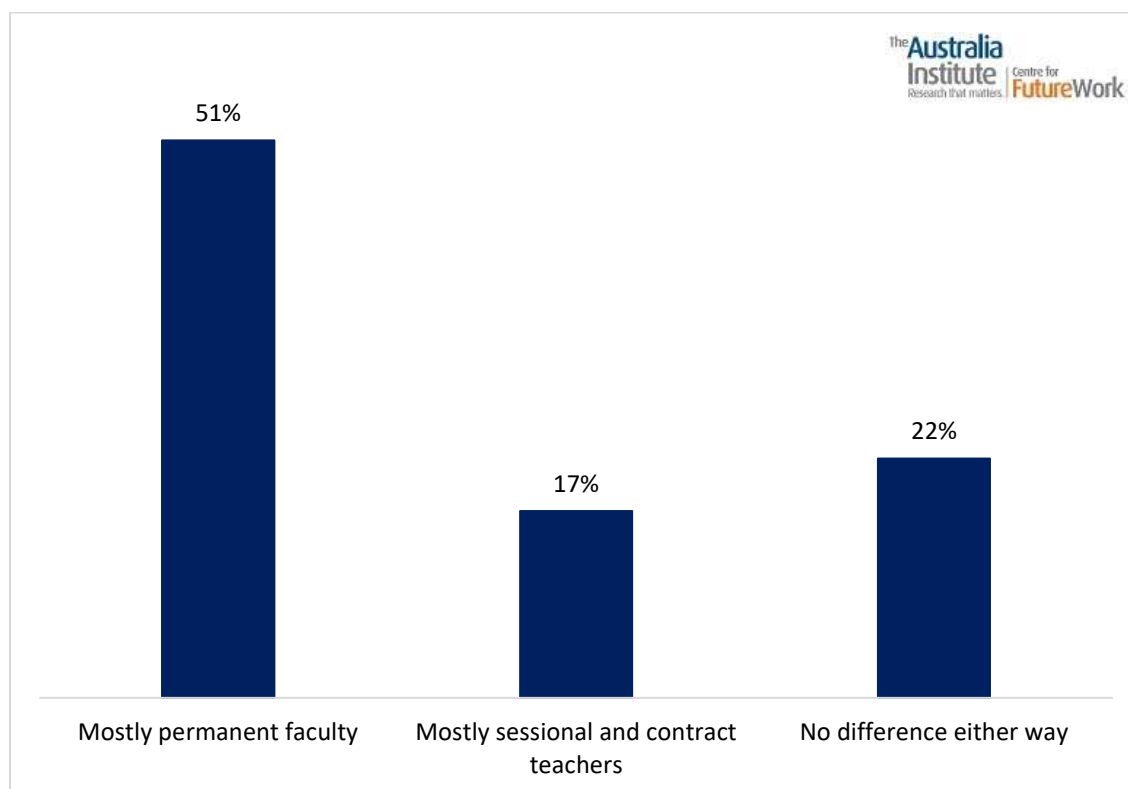
Survey respondents were asked what kind of employment structure would provide the best university education for students.¹⁹ Half (51 per cent) of Australians reported that a mostly permanent faculty would provide the best university education for students. This was followed by 22 per cent who said there would be no difference between sessional/contract and permanent staff and just 17 per cent who said mostly sessional and contract staff would be best for a student's education. Major party voters agree that relying mostly on permanent faculty would be best: 50 per cent of Coalition voters and 55 per cent of Labor voters expressed this response.

¹⁷ For more detail on employment losses at universities during the pandemic, see Littleton, E. (2022) *At the Crossroads: What is the post-COVID future of Australia's Public universities*, <https://futurework.org.au/report/at-the-crossroads/>

¹⁸ OECD (2020) *Resourcing Higher Education: Challenges, Choices, and Consequences*, https://www.oecd-ilibrary.org/education/resourcing-higher-education_735e1f44-en

¹⁹ Respondents were provided with the following preamble before the question 'University education currently involves some courses taught by permanent faculty members, and some by short-term teachers working on a sessional or contract basis.'

Figure 7: Employment structure best for student's education



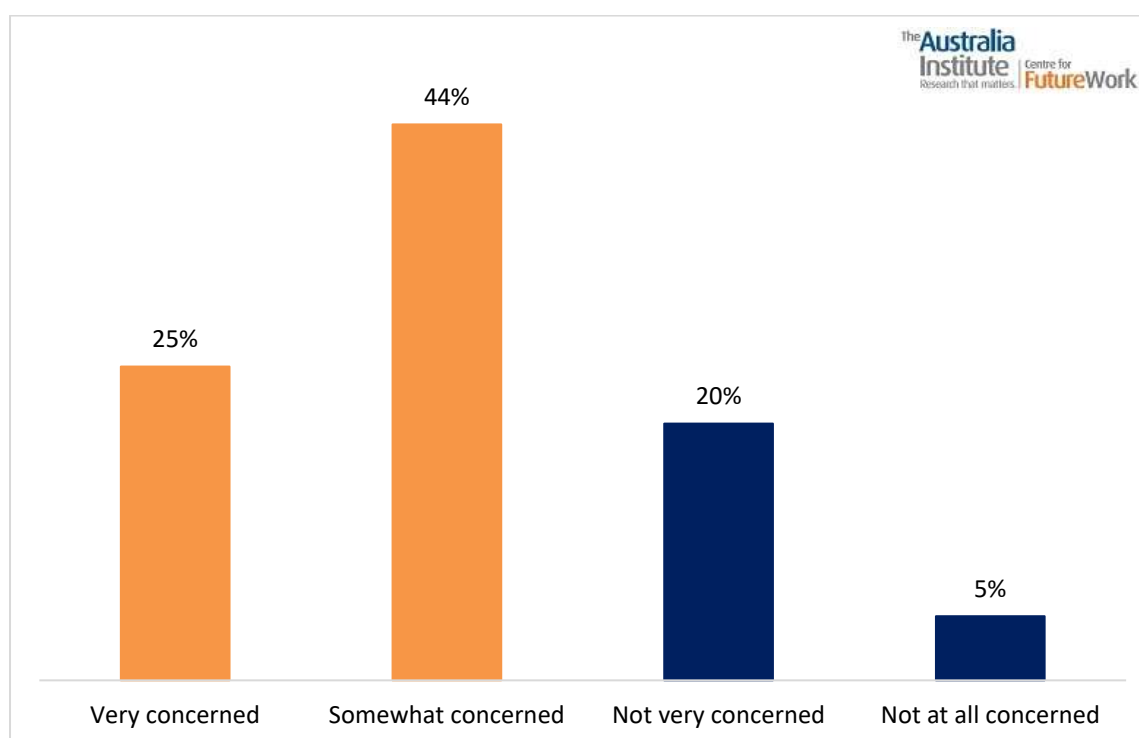
Source: Survey results as described in text.

Employing less staff per student is another cost-saving measure being widely used in universities, and also has major implications for the quality of education. The Federal Government's *Bradley Review of Higher Education* in 2008 found that rising student-staff ratios were jeopardising the quality of teaching and the learning support provided to students. Since 2008 class sizes have become even bigger with fewer faculty per student.²⁰ The degradation of education quality in very large classes reflects in part the additional strain placed on teachers to manage more diverse cohorts and additional work.

Survey respondents were asked how concerned, if at all, they were about larger class sizes and fewer faculty per student. Figure 8 shows that more than two in three (68 per cent) Australians reported being concerned about larger class sizes and fewer faculty per student, with one in four (25 per cent) who said they were very concerned. Only 25 per cent of Australians said they were either not very concerned or not concerned at all.

²⁰ Department of Education (2020) 2020 Staff Appendix 2 – Student-staff ratios, <https://www.education.gov.au/higher-education-statistics/resources/2020-staff-appendix-2-studentstaff-ratios>

Figure 8: Level of concern about larger class sizes and fewer faculty per student



Source: Survey results as described in text.

Academics and tutors are burdened with heavier marking loads, and interpersonal and applied skills are more difficult to incorporate into learning activities and assessments with larger class sizes. Students have fewer opportunities to participate in class discussions, and receive attention to their personal needs, in very large classes. All this has negative implications for the wellbeing of both staff and students, compounded by increasing job insecurity and turnover of academic staff.

Access and Affordability

University has become increasingly expensive for Australian students. The majority (90 per cent in 2021) of students in Commonwealth Supported Places defer their course costs through HECS-HELP – making HECS-HELP debt a good indicator of trends in tuition fees for students.²¹ According to the Australian Taxation Office, over 3 million people in Australia had outstanding HELP loans in 2021-22, owing a total of \$74 billion in debt. That total was over four times higher than in 2008-09, far outstripping enrolment growth.²² Over the same time, average debt has doubled: increasing from \$12,990 per debtor in 2008-09, to \$24,771 in 2021-22. By comparison, average mortgages increased from \$310,848 to \$510,268 over the same period. This makes the growth in HELP loans even more dramatic than rising mortgage debt for home-

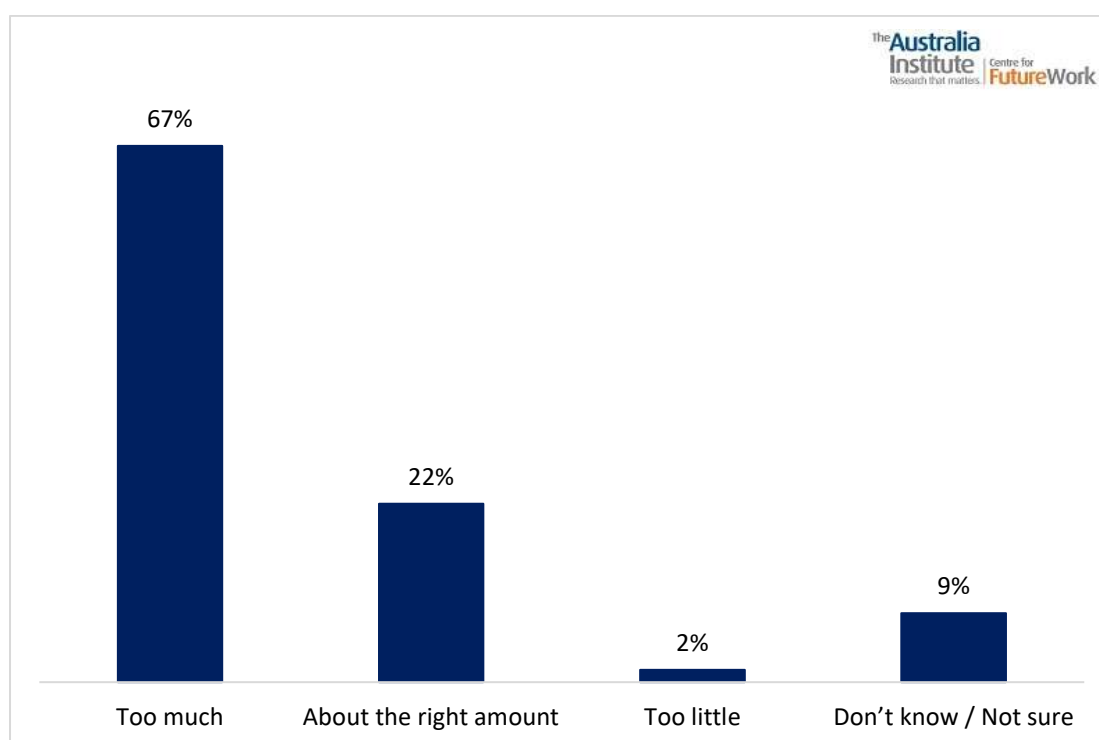
²¹ Department of Education (2023) *2021 Section 5 Liability status categories*, <https://www.education.gov.au/higher-education-statistics/resources/2021-section-5-liability-status-categories>.

²² Australian Taxation Office (2022) *HELP statistics 2021-22*, <https://data.gov.au/data/dataset/higher-education-loan-program-help>.

owners.²³ Furthermore, the number of people with HELP debts worth over \$100,000 has increased from 22,514 to 70,962, in just the last 3 years.

The cost of degrees rose further under the Coalition government's Job Ready Graduate (JRG) reforms, which came into effect in 2021. Those reforms supposedly aimed to 'rebalance' student fees and government funding contributions across fields of study to incentivise enrolment in areas of industry need and future growth.²⁴ In the first year under the JRG system, students paid an estimated \$414 million in additional tuition fees, an average increase of 8 per cent. At the same time, universities received \$1 billion less in Commonwealth Grant Scheme funding, equivalent to a 15 per cent decline in government funding.²⁵ So the JRG system is resulting in higher fees for students, but less resources for universities.

Figure 9: Attitudes towards the cost of university education



Source: Survey results as described in text.

Higher tuition fees can be a prohibitive barrier to accessing higher education for many students and their families, undermining the equalising role universities should play in society. Survey respondents were asked whether it currently costs too much or too little to receive a university education. Two in three (67 per cent) Australians said it costs too much to attend university, 22 per cent said the cost was about the right amount, and

²³ ABS (2023) *Lending indicators*, <https://www.abs.gov.au/statistics/economy/finance/lending-indicators/latest-release#data-downloads>

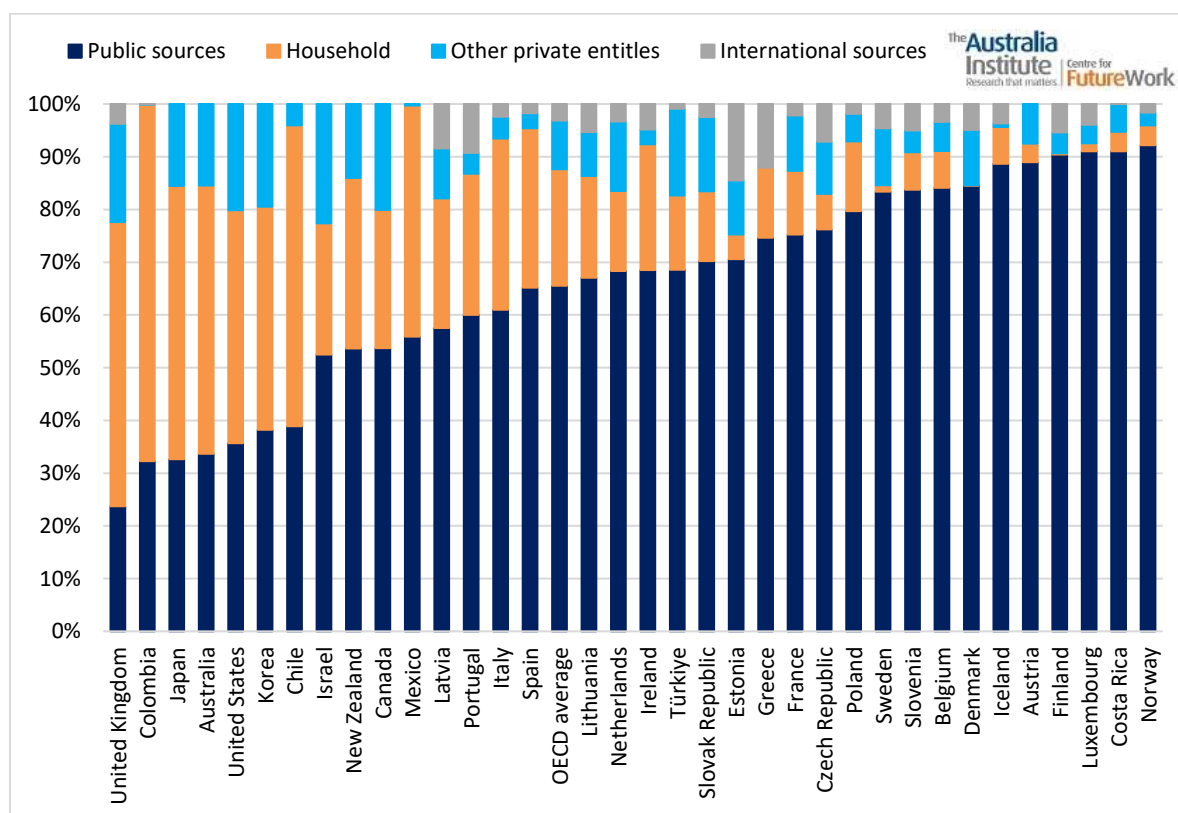
²⁴ Department of Education (2020) *Job-ready Graduates Discussion Paper*, <https://www.education.gov.au/job-ready/resources/job-ready-graduated-discussion-paper>

²⁵ Littleton, E. (2022) *At the Crossroads: What is the post-COVID future of Australia's Public universities*, <https://futurework.org.au/report/at-the-crossroads/>

only 2 per cent of Australians said it costs too little (Figure 9). The belief that university is too expensive for students appears to be uncontroversial across voting intention: 71 per cent of Labor, 71 per cent of Greens, 69 per cent of Independent/Other, 68 per cent of One Nation, and 61 per cent of Coalition voters all responded this way.

The strong view of Australians that university is too expensive here, is validated by OECD data showing that domestic tertiary education students in this country do pay higher tuition fees than most other industrial countries. On average across the OECD, public funding makes up 66 per cent of total expenditure on tertiary education (Figure 10).²⁶ Countries where public funding is the highest as a share of total expenditure include Norway (92.2 per cent), Luxembourg (91 per cent), and Finland (91 per cent). Comparatively, public funding only makes up 33.7 per cent of total expenditure on tertiary education in Australia – making it the fourth lowest country in the OECD for public funding, just above the UK, Colombia, and Japan.²⁷ Note the division of public and private sources of funding is measured after the flow of public-private transfers, for example public loans for tuition including HELP.

Figure 10: Relative share of public, private, and international expenditure on tertiary education, OECD countries, 2019



Source: OECD (2022) *Education at a Glance 2022: OECD Indicators*, Figure C3.1

²⁶ OECD (2022) *Education at a Glance 2022: OECD Indicators*, Figure C3.1, https://www.oecd-ilibrary.org/education/education-at-a-glance_19991487

²⁷ Note the division of public and private sources of funding is measured after the flow of public-private transfers, for example public loans for tuition including HELP.

On the other hand, private sources of funding make up a relative high share of expenditure on tertiary education in Australia. Private sources account for 66.3 per cent of funding in Australia, more than twice the average of 30.8 per cent across the OECD (see Figure 10). Household expenditure, which refers to fees paid by students and their families, make up 77 per cent of private funding in Australia, thus composting over half (51 per cent) of total expenditure on tertiary education. Students in Australia make a far bigger financial contribution to tertiary education than in other OECD countries, where household expenditure on average accounts for just 22.3 per cent of total expenditure. There is a clear inverse relationship between the share of public funding for universities, and the financial share students pay in tuition fees. OECD data shows that Australia is an outlier, in the degree to which the cost of education has been shifted to students.

As tuition fees and HELP debts increase so does the length of time it takes people to pay off these debts. Graduates now take on average 9.5 years to pay off their HELP debt, compared to 7.3 years in 2005-06. While graduates currently only start paying back debt once their post-graduation earnings exceed \$48,361 a year, repayments saddle people, particularly young people, with a significant financial burden during a time when they are establishing a career and still earning less than the average in the broader workforce.²⁸ This can impact the viability of accessing other financial loans, for example a home loan.²⁹

The financial burden of educational debt is made worse by indexation. Education and training loans are indexed annually on the 1st of June in line with CPI, with the intent of maintaining the real value of the loan. The last indexation adjustment in 2022, saw loans increase by 3.9 per cent – the highest rate of increase since at least 2013 (earliest ATO data).³⁰ Worse yet, inflation has only accelerated since then. Over the twelve months to December 2022, CPI rose 7.8 per cent³¹ and the Reserve Bank of Australia forecast CPI to increase by 6.7 per cent in the twelve months to June 2023.³² Consequently, the indexation adjustment to education and training loans in June 2023 will likely be between 6 and 7 per cent – making it the highest indexation rate on record. Based on the average HELP debt, this means students would face an average increase in their debt of around \$1,600 when their debt is next indexed.

While debts are indexed to the full increase in the CPI, graduates repay debts with wages which have not kept up with inflation. Because inflation is rising faster than

²⁸ Littleton, E. (2023) *Submission to the Senate Standing Committee on Education and Employment*, <https://futurework.org.au/report/submission-to-the-senate-standing-committee-on-education-and-employment-2/>

²⁹ Merchant, G. (2022) Stress and mortgage difficulties as inflation sees student HELP debts balloon, <https://www.abc.net.au/news/2022-11-15/inflation-causing-university-hecs-help-debts-to-increase/101597882>

³⁰ ATO (2023) *Study and training loans indexation rates*, <https://www.ato.gov.au/rates/study-and-training-loan-indexation-rates/>

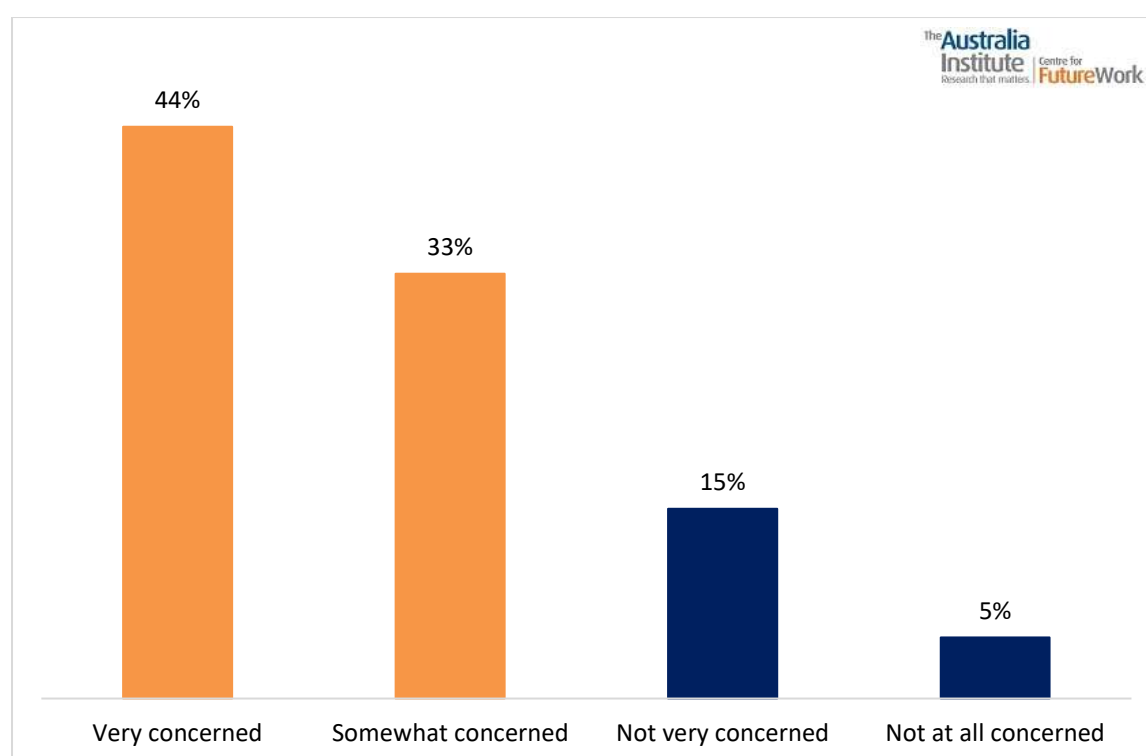
³¹ ABS (2022) *Consumer Price Index, Australia*, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>

³² Reserve Bank of Australia (2023) *Forecast Table – February 2023*, <https://www.rba.gov.au/publications/smp/2023/feb/forecasts.html>

nominal wages, real wages fell 4.2 per cent in the twelve months to December 2022 – the biggest annual fall recorded since the ABS wage growth record began in 1997.³³ This means that the average HELP debt will increase by more than the amount graduates repay in 2022-23.

The financial burden of student debts for graduates is a concern for many Australians. Survey respondents were asked how concerned, if at all, they are about student debt burden. Three in four (76 per cent) Australians reported that they were concerned about student debt burden, with 44 per cent who said they were very concerned. Only 19 per cent reported that they were not very or not at all concerned about the burden of student debt. Women (82 per cent) were more likely to be concerned than men (71 per cent), and Australians between the age of 50 and 59 (80 per cent) were most likely to be concerned about the burden of student debt.

Figure 11: Level of concern about student debt burden



Source: Survey results as described in text.

Higher education has become essential to obtaining gainful employment and incomes in Australia. The proportion of Australians with or in the process of obtaining tertiary qualifications has been growing. Today, 68 per cent of Australians aged 15-75 years hold a tertiary qualification or are studying towards obtaining one (including vocational qualifications), up from 62 per cent of all Australians in 2013.³⁴ The increasing

³³ Littleton, E. (2023) *Submission to the Senate Standing Committee on Education and Employment*, <https://futurework.org.au/report/submission-to-the-senate-standing-committee-on-education-and-employment-2/>

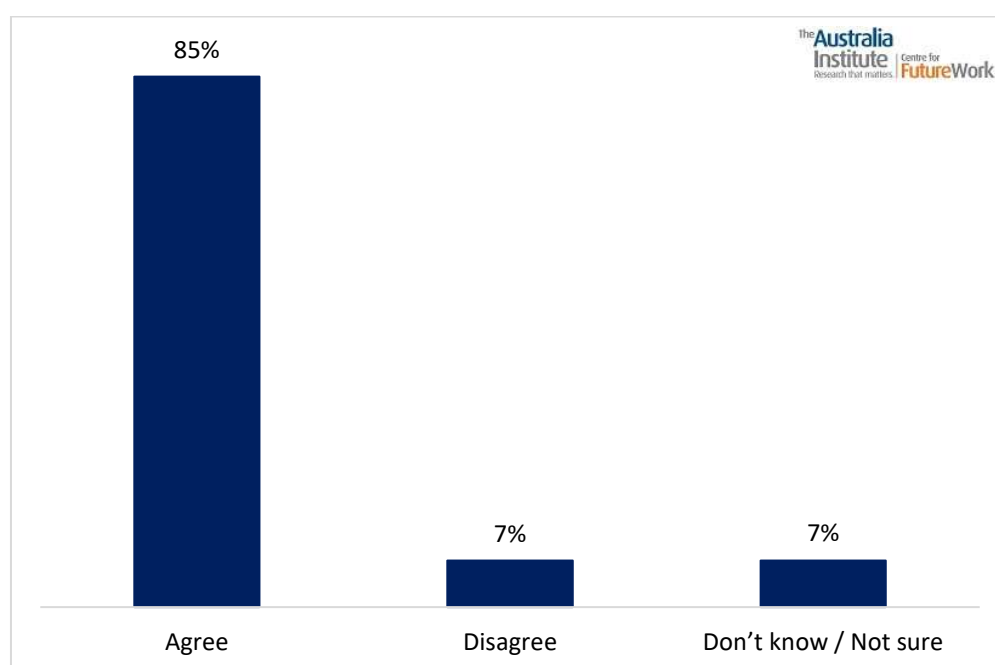
³⁴ ABS (2022) *Education and Work, Australia*, Table 27, <https://www.abs.gov.au/statistics/people/education/education-and-work-australia/latest-release#data-downloads>

prevalence of tertiary qualifications makes it harder for those without post-school training to compete for work.

The importance of higher education for employment will continue. According to government estimates, 52 per cent of projected employment growth to 2026 will require a Bachelor degree or higher qualification.³⁵ Beyond the individual benefits of higher education, universities train the future workforce and they are sites of technology and knowledge creation, generating benefits that are widely shared through society.

It is also well established that limited access to education is a key driver of inequality. Financial barriers to tertiary education hinder social mobility, making it more difficult for students from disadvantaged backgrounds to access education and in turn restricting employment and earning opportunities. On the other hand, reducing the financial barriers and burden of tertiary education breaks down the connection between family socio-economic status and the future economic prospects of the next generation, by shifting financial responsibility for higher education to the public sector.³⁶ To address inequality in Australia it is important for people of all backgrounds to be able to access and afford to attend university if that's what they choose. Australians agree.

Figure 12: Agree or disagree that Australians should be able to receive university education, regardless of their personal financial circumstances



Source: Survey results as described in text.

³⁵ National Skills Commission (2021) *Skill Level projections – five years to November 2026*, <https://labourmarketinsights.gov.au/our-research/employment-projections>

³⁶ Oxfam (2019) *The power of education to fight inequality*, <https://www.oxfam.org/en/research/power-education-fight-inequality>

Survey respondents were asked whether any Australian with interest and pre-requisites should be able to receive a university education, regardless of their personal financial circumstances (see Figure 12). Six in seven (85 per cent) Australians agreed that any Australian should be able to access university education, with 47 per cent who strongly agree. Only 7 per cent reported that they disagree. Labor voters (91 per cent) were the most likely to agree, followed by Greens voters (84 per cent), and Coalition voters (82 per cent). Nevertheless, support for an accessible university system was very strong across the political spectrum.

HECS-HELP may allow students to defer the cost of education, but university fees and debt are still a barrier for prospective students, placing considerable pressure on graduates in their early-career years. The issue is getting worse, not better, with debts growing rapidly over the last decade due to rising tuition fees and the impact of indexation. Graduates are currently enduring a cost-of-living crisis, with high inflation and declining real wages; in this context, the additional pressure of debt repayment and indexation is both damaging and unnecessary.

Conclusion

The Australian Universities Accord process provides an opportunity to review the many challenges facing higher education, develop a clear vision and national plan for the sector, and roll out targeted reforms to realign the sector with its public service mission – meeting the needs of students, staff, and wider society. Ahead of the Accord’s conclusion, it is important to take stock of the issues and gauge the concerns and appetite for reform of the Australian people.

For decades, Australian governments have systematically and incrementally reduced real funding to public universities, while making the allocation of funding more contingent upon meeting sectional industry and government agendas. Dwindling public funding for higher education has driven universities to become more reliant on private sources of revenue (including international student fees and investment income). It has pushed universities to adopt a business model based on competitive market considerations, subordinating the provision of quality higher education to commercial interests.

Australians are paying attention to the challenges facing higher education. The survey results summarised in this report confirm they are concerned universities are prioritising profit at the expense of education and agree that Vice-Chancellors should be paid more like public servants rather than CEOs in the private sector. Australians understand the connection between permanent secure jobs for university educators and the quality of education provided to students, and they are concerned about the rise in the use of short-term contracts. Finally, Australians agree that university education should be accessible and affordable for anyone with adequate pre-requisites, regardless of their personal financial circumstances. Students and graduates are increasingly

saddled with huge debts that are taking longer to pay off – making university a less meritocratic vehicle for achieving a more egalitarian Australia.

Achieving an expansive vision of a stronger, more accessible, and more democratic university system will require a long-run commitment to better funding, better jobs, better accessibility, and better governance.

Appendix

Methodology

Between 14 to 17 March 2023, The Australia Institute surveyed 1002 adults living in Australia online through Dynata's panel, with nationally representative samples by gender age group and state/territory.

Voting crosstabs show voting intentions for the House of Representatives. Those who were undecided were asked which way they were leaning; these leanings are included in voting intention crosstabs.

The research is compliant with the [Australian Polling Council Quality Mark standards](#). The long methodology disclosure statement follows.

Long disclosure statement

The results were weighted by three variables (gender, age group and state or territory) based on Australian Bureau of Statistics "[National, state and territory population](#)" data, using the raking method. Those who answered the gender identity question as "Non-binary", "I use a different term", or "Prefer not to answer" had their responses included with females for the purpose of reporting, due to constraints from weighting data availability. This resulted in an effective sample size of 932.

The margin of error (95% confidence level) for the national results is $\pm 3\%$.

Results are shown only for larger states.

Voting intention questions appeared just after the initial demographic questions, before policy questions. Respondents who answered "Don't know / Not sure" for voting intention were then asked a leaning question; these leanings are included in voting intention crosstabs. "Coalition" includes separate responses for Liberal and National. "Other" refers to Independent/Other, and minor parties in cases where they were included in the voting intention but represent too small a sample to be reported separately in the crosstabs.



Detailed Results

A preceding question in the poll is expected to have influenced the results of the questions published here. The questions, and response options for the question is as follows:

The government provides public funding to cover some of the costs of operating public universities. Public universities also depend on private sources of revenue, including domestic and international student tuition fees, and income from financial investments (like property and shares). Increasingly, public universities are relying on private sources of revenue.

Do you think the increased reliance on private revenue has a positive or negative impact on the quality of teaching and research from public universities?

1. Very positive
2. Positive
3. No impact either way
4. Negative
5. Very negative
6. Don't know/Not sure

University education currently involves some courses taught by permanent faculty members, and some by short-term teachers working on a sessional or contract basis.

What kind of employment structure would provide the best university education for students?

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Mostly permanent faculty	51%	50%	52%	55%	48%	49%	43%
Mostly sessional and contract teachers	17%	21%	13%	17%	21%	14%	19%
No difference either way	22%	20%	24%	19%	22%	27%	26%
Don't know/Not sure	10%	9%	11%	9%	9%	9%	12%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Mostly permanent faculty	51%	50%	55%	51%	45%	44%
Mostly sessional and contract teachers	17%	19%	17%	18%	17%	12%
No difference either way	22%	24%	20%	19%	28%	22%
Don't know/Not sure	10%	8%	8%	12%	10%	21%

A university's Vice Chancellor is its chief executive, responsible for the leadership, management and development of the university. Australian Vice Chancellors are some of the highest paid internationally, with some being paid over a million dollars a year.

To what extent do you agree or disagree with the following statement?

“Vice Chancellor salaries should be capped, so no Vice Chancellor is paid more than the Prime Minister.”

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Strongly agree	45%	45%	45%	41%	45%	54%	45%
Agree	34%	34%	33%	37%	35%	25%	32%
Disagree	8%	8%	8%	7%	8%	10%	7%
Strongly disagree	3%	3%	1%	3%	2%	3%	3%
Don't know / Not sure	11%	9%	13%	12%	10%	8%	13%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Strongly agree	45%	46%	48%	38%	48%	39%
Agree	34%	32%	34%	40%	31%	31%
Disagree	8%	9%	8%	7%	6%	4%
Strongly disagree	3%	3%	1%	3%	2%	5%
Don't know / Not sure	11%	9%	9%	12%	13%	21%

To what extent do you agree or disagree with the following statement?

“Any Australian with interest and pre-requisites should be able to receive a university education, regardless of their personal financial circumstances.”

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Strongly agree	47%	43%	50%	48%	45%	48%	42%
Agree	38%	40%	37%	37%	39%	37%	40%
Disagree	6%	9%	3%	6%	6%	7%	10%
Strongly disagree	1%	2%	1%	1%	1%	2%	1%
Don't know / Not sure	7%	6%	8%	7%	8%	7%	7%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Strongly agree	47%	41%	50%	59%	43%	42%
Agree	38%	41%	42%	25%	35%	34%
Disagree	6%	8%	4%	8%	7%	6%
Strongly disagree	1%	1%	1%	0%	3%	5%
Don't know / Not sure	7%	8%	4%	8%	12%	14%

Does it currently cost too much or too little to receive a university education?

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Too much	67%	64%	71%	69%	64%	68%	63%
About the right amount	22%	27%	18%	23%	26%	21%	24%
Too little	2%	2%	1%	1%	2%	1%	2%
Don't know / Not sure	9%	7%	10%	7%	8%	10%	11%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Too much	67%	61%	71%	71%	68%	69%
About the right amount	22%	28%	22%	21%	18%	12%
Too little	2%	1%	1%	2%	3%	2%
Don't know / Not sure	9%	10%	6%	7%	11%	17%

Thinking about public universities in Australia, how concerned, if at all, are you about the following issues?

More teaching staff on short term contracts

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Very concerned	20%	21%	18%	25%	17%	14%	19%
Somewhat concerned	36%	34%	39%	39%	40%	34%	30%
Not very concerned	28%	30%	26%	23%	28%	31%	37%
Not at all concerned	6%	8%	5%	7%	6%	8%	4%
Don't know / Not sure	10%	7%	12%	6%	10%	12%	10%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Very concerned	20%	19%	21%	15%	25%	17%
Somewhat concerned	36%	33%	37%	56%	29%	23%
Not very concerned	28%	31%	27%	20%	26%	30%
Not at all concerned	6%	9%	5%	2%	7%	8%
Don't know / Not sure	10%	8%	9%	8%	13%	22%

Larger class sizes, and fewer faculty per student

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Very concerned	25%	22%	28%	28%	25%	20%	24%
Somewhat concerned	44%	44%	44%	45%	39%	47%	41%
Not very concerned	20%	23%	17%	19%	24%	18%	18%
Not at all concerned	5%	5%	5%	5%	5%	5%	8%
Don't know / Not sure	6%	6%	7%	2%	7%	9%	9%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Very concerned	25%	23%	27%	28%	26%	19%
Somewhat concerned	44%	45%	42%	50%	46%	38%

Not very concerned	20%	21%	22%	15%	20%	18%
Not at all concerned	5%	7%	5%	2%	4%	5%
Don't know / Not sure	6%	5%	4%	5%	5%	20%

University fees for Australian students

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Very concerned	38%	37%	39%	40%	37%	40%	33%
Somewhat concerned	34%	31%	37%	37%	33%	31%	36%
Not very concerned	17%	21%	14%	15%	19%	18%	17%
Not at all concerned	6%	7%	4%	5%	7%	6%	6%
Don't know / Not sure	5%	4%	5%	2%	4%	5%	10%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Very concerned	38%	28%	45%	41%	49%	36%
Somewhat concerned	34%	40%	32%	35%	26%	29%
Not very concerned	17%	20%	15%	16%	17%	16%
Not at all concerned	6%	8%	4%	2%	7%	7%
Don't know / Not sure	5%	4%	4%	6%	0%	12%

Student debt burden

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Very concerned	44%	41%	47%	45%	41%	44%	46%
Somewhat concerned	33%	31%	35%	33%	34%	29%	29%
Not very concerned	15%	18%	10%	15%	15%	17%	13%
Not at all concerned	5%	6%	3%	4%	6%	5%	4%
Don't know / Not sure	4%	4%	5%	2%	3%	5%	8%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Very concerned	44%	35%	48%	48%	53%	43%
Somewhat concerned	33%	35%	34%	34%	24%	23%
Not very concerned	15%	18%	12%	10%	14%	20%
Not at all concerned	5%	8%	3%	2%	6%	4%
Don't know / Not sure	4%	4%	3%	7%	3%	9%

20% decline in government funding per student (after inflation) over the last 10 years

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Very concerned	35%	33%	37%	35%	34%	34%	40%
Somewhat concerned	39%	35%	44%	40%	39%	39%	38%
Not very concerned	16%	22%	10%	18%	18%	14%	9%
Not at all concerned	5%	5%	4%	5%	4%	6%	3%
Don't know / Not sure	6%	5%	6%	2%	5%	7%	10%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Very concerned	35%	27%	39%	48%	38%	26%
Somewhat concerned	39%	43%	40%	31%	33%	36%
Not very concerned	16%	20%	12%	13%	19%	20%
Not at all concerned	5%	7%	4%	2%	4%	6%
Don't know / Not sure	6%	3%	5%	7%	6%	13%

That universities are focused on profit at the expense of education

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>WA</i>
Very concerned	50%	50%	51%	51%	50%	52%	48%
Somewhat concerned	33%	30%	35%	34%	30%	33%	39%
Not very concerned	10%	13%	7%	10%	13%	7%	7%
Not at all concerned	3%	3%	2%	3%	4%	2%	2%
Don't know / Not sure	4%	4%	5%	3%	4%	5%	5%

	<i>Total</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>PHON</i>	<i>Other</i>
Very concerned	50%	47%	53%	52%	49%	52%
Somewhat concerned	33%	35%	31%	35%	31%	29%
Not very concerned	10%	12%	10%	7%	11%	8%
Not at all concerned	3%	4%	2%	1%	1%	2%
Don't know / Not sure	4%	3%	4%	5%	7%	9%



OFF THE CHARTS

Australian public universities are now spending millions on consultants

June 4, 2024 *by* Alexia Adhikari

Economics

Law, Society & Culture

Qld and Vic public universities alone spend over \$200m a year on consultants

2023 figures

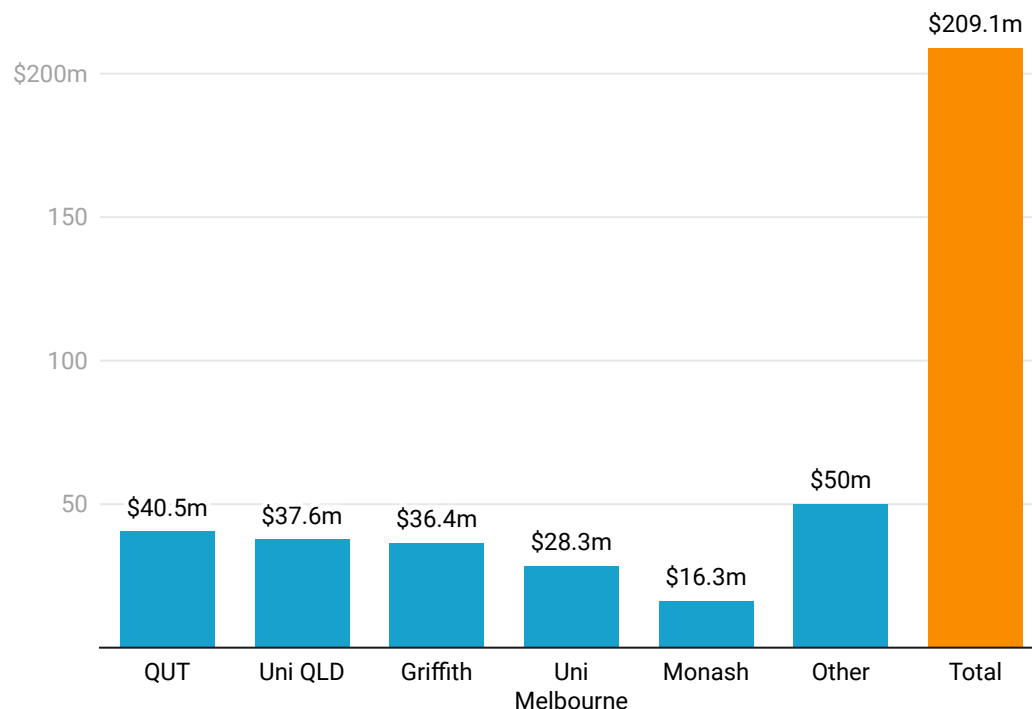


Chart: The Australia Institute • Source: 2023 annual reports and consultancies statements. 'Other' includes James Cook University, La Trobe University, Federation University, University of Southern Queensland, Deakin University, University of Sunshine Coast, RMIT, Swinburne University, Victoria University, and Central Queensland University. • [Get the data](#) • Created with [Datawrapper](#)

Figures from Queensland and Victoria reveal that public universities spend over \$200m on consultants, while students HECS/HELP debt soar.

Australia's addiction to consultants extends from the public sector to public universities. The [final report of the NSW Government inquiry into the use of consultants was released last week](#). The number one finding is that there is no clear and readily available public record of exactly how much the NSW Government spends on consultants – far from encouraging. If this is the situation for the NSW Government, then what does it look like for Australia's public universities?

Public universities in Australia spend big on consultants. In 2023, universities in two states alone spent \$209 million on consultants – Victorian universities spent at least \$72 million while Queensland universities spent a whopping \$137 million.

Compare this to 2022, when just ten universities across the country [spent \\$249 million on consultants](#). With amounts like these, is it any wonder then that universities have [been accused of being captured](#) by private consultancies? In the meantime, consultancy companies are increasingly partnering with universities [to deliver programs](#), making their continued use more likely.

Such huge spending is happening alongside continued cases of wage theft (two cases reported last week alone, see [here](#) and [here](#)) and the fact that the Australian Government makes more money from [student HECS/HELP than it does from oil and gas companies under the Petroleum Resources Rent Tax \(PRRT\)](#). In an environment of scarce resources, why are universities spending so much money on consultants when paying staff properly and helping students should be prioritised?

Disclosing consultancy spending is important for transparency and accountability of our public institutions. University spending on consultancies is clearly and easily available in Queensland and Victoria because of annual reporting requirements that mean universities in these states must produce separate consultancies statements alongside their annual reports. But for other universities, this information is harder to find, buried in annual reports, and often in a combination line item with other types of services or contractors.

The 2023 annual reports for all universities are yet to be publicly available. Since the spending for all universities is not listed in this chart, the full extent of money spent on consultancies remains to be seen. If all universities reported in the same way as those in Victoria and Queensland, then the public could easily see how much universities spend on which consultants. For these core public institutions, increased transparency is critical to ensure the best use of public, and student money.



Alexia Adhikari

Postdoctoral Research Fellow

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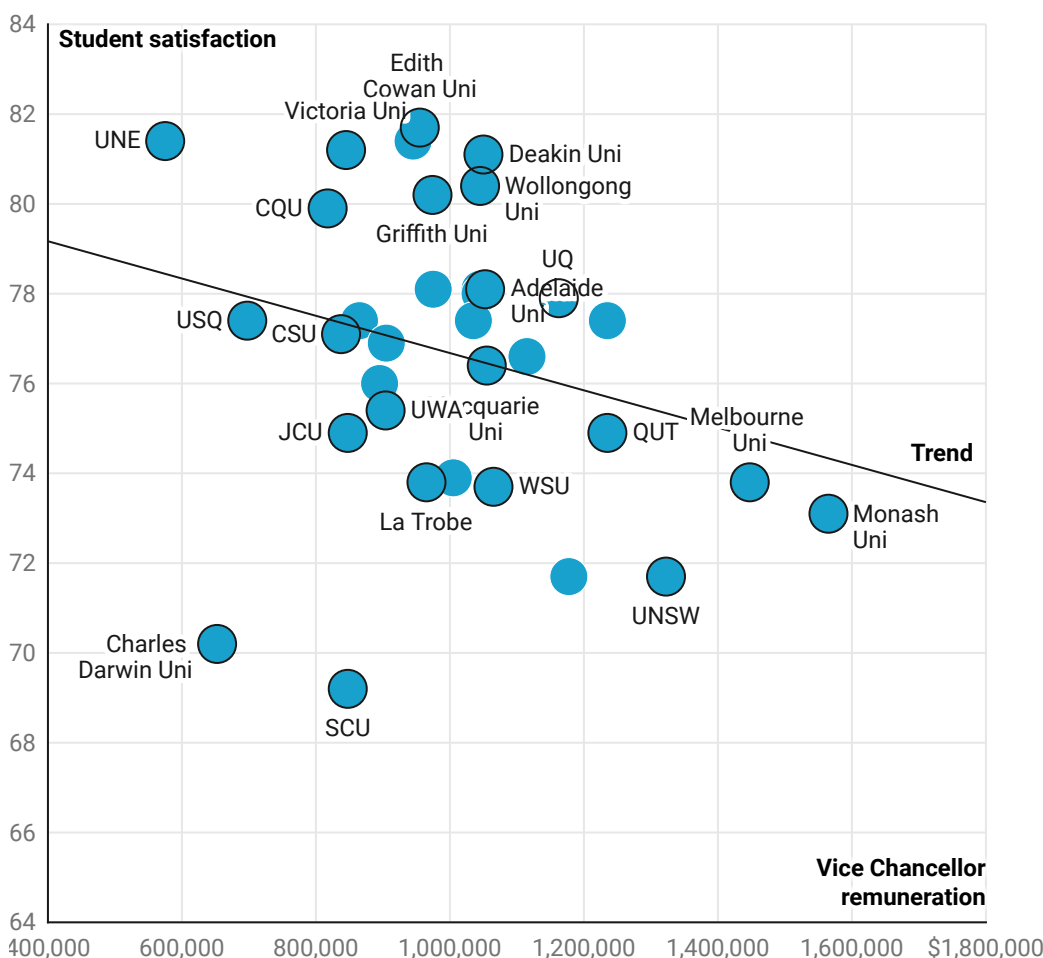
The high pay for Vice-Chancellors does not deliver better outcomes for students

January 30, 2025 by Jack Thrower

Economics

Law, Society & Culture

Higher Vice-Chancellor pay does not lead to higher student satisfaction



All figures for 2023. Remuneration is midpoint at each institution.

Chart: The Australia Institute • [Get the data](#) • Created with [Datawrapper](#)

University Vice-Chancellors pay has surged while workers and students are left behind

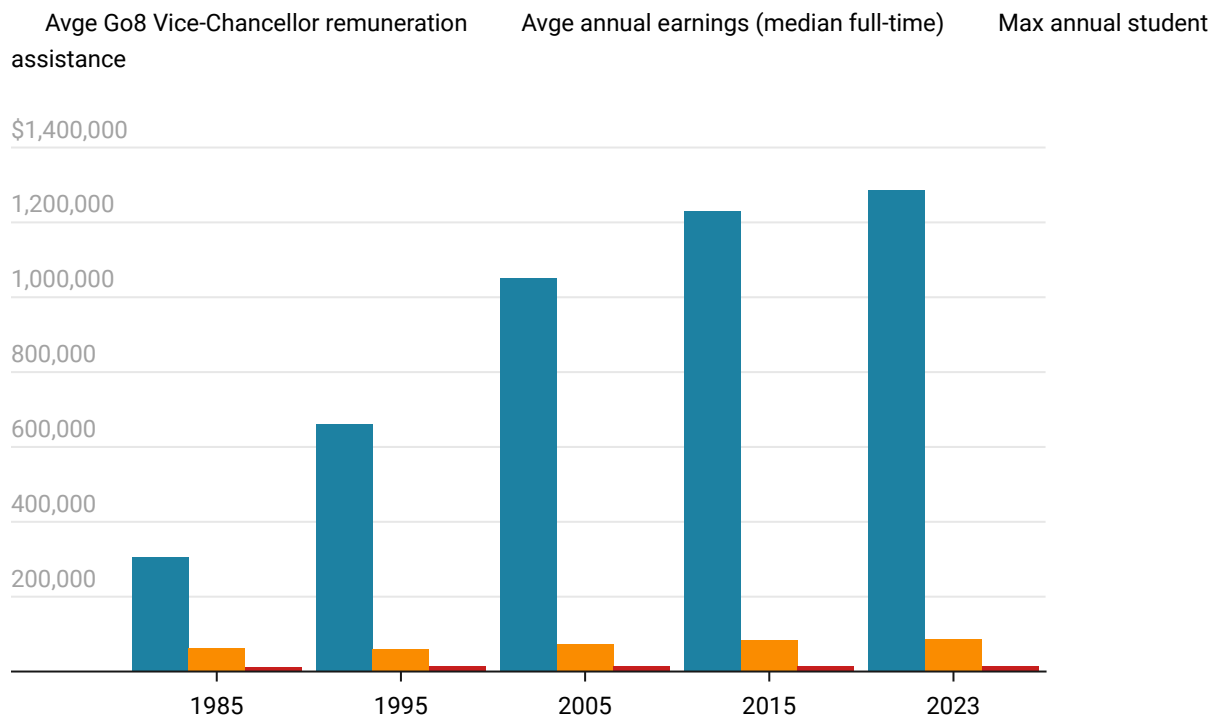


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Australia's university vice-chancellors are among the highest paid in the world, and yet all that money does not deliver better outcomes for students.

It might surprise most Australians to know that Australia's Vice-Chancellors – the 'CEOs' of the today's corporatised university sector – are among the highest paid in the world.

This was not always the case. In 1985, Vice-Chancellors were already paid quite generously, over \$300,000 per year in today's terms (all salary figures are adjusted for inflation to 2024 dollars). At this time remuneration for Vice-Chancellors was partially regulated through the Academic Salaries Tribunal. In the late 1980s, the Hawke government implemented the 'Dawkins Revolution', a range of reforms to the higher education system which included replacement of free university education with HECS and the deregulation of Vice-Chancellor salaries. By 1995, remuneration for Vice-Chancellors in the Group of Eight (Go8) universities had more than doubled, to about \$660,000.

By 2023, generosity had become absurdity, and remuneration for Go8 Vice-Chancellors reached nearly \$1.3 million per year, more than quadrupling since 1985.

This exorbitant remuneration for Vice-Chancellors is not however improving the learning experience of students. There is no strong relationship between Vice-Chancellor pay and student satisfaction – and if anything those universities with higher paid vice-chancellors are more likely to have lower student satisfaction.

Notably, the four universities with the highest student ratings of the quality of their educational experience, also pay their Vice-Chancellors less than the average across the sector, and the three universities paying their Vice-Chancellors the most, have very low levels of student satisfaction.

The increase in Vice Chancellor pay since 1985 is also out of step with the rest of the workforce – their pay grew over eight times faster than the earnings for average Australian workers.

Students and young people increasingly bear the costs of Australia's broken higher education system, yet the wages and income support they receive remain inadequate.

While university education was free in 1985, university is now, for many, more expensive than ever. Undergraduate degrees in popular fields such as social science and commerce now cost around \$50,000. Average HECS debts have more than doubled in less than 20 years, and the time taken to repay the debts also continues to rise.

Unlike Vice-Chancellor pay, income support for students has remained barebones. From 1985 to 2023, adjusting for inflation, income support for students grew by less than 20%, while average full-time earnings grew nearly 40% while Go8 Vice-Chancellor remuneration grew 320%.

Unsurprisingly, record-high percentages of full-time students aged 20-24 are both working and studying, with the proportion juggling full-time work and full-time study doubling from one in fourteen (7%) in the 1990s to one in seven (14.8%) in 2023.

Even worse, these working students have likely experienced slower wage growth than other workers, as earnings in industries that commonly employ students, such as hospitality and retail, have grown particularly sluggishly. Compounding this issue, workers under the age of 21 can be paid less than other adults, with an 18-year-old earning as little as about two-thirds of minimum wages. [The ACTU has called](#) for an end to junior rates for adults, however the Government is yet to act.

The Albanese Government has however started some positive changes to the broken higher education system. They have change the indexation of HECS debts so that they go up by the lowest of either inflation or wage growth, instituted a one-off reduction in existing student debts, and a put in place new system for setting student fees (though the details of this system remain unclear).

The Government has also announced the creation of a national expert governance council, which is likely to include rules for executive remuneration including for Vice-Chancellors. While this is a step in the right direction, [reporting suggests](#) that this body will only be able to issue guidance rather than binding rules.

Decades of government decisions have created a broken higher education system; new government decisions can fix it.

Bolder action is needed to reign in Vice-Chancellor remuneration, such as making federal funding conditional on capping remuneration to only two or three times more than lecturer salaries.

Additionally, the system's undue burden on young people and students can be relieved by reducing the cost of university education, raising student welfare payments, and abolishing junior rates for adults.

Our current system is deeply unfair, a Vice-Chancellor's remuneration is nearly 15 times larger than the pay for an average worker and more than 84 times more than Youth Allowance, it's time to fix it.

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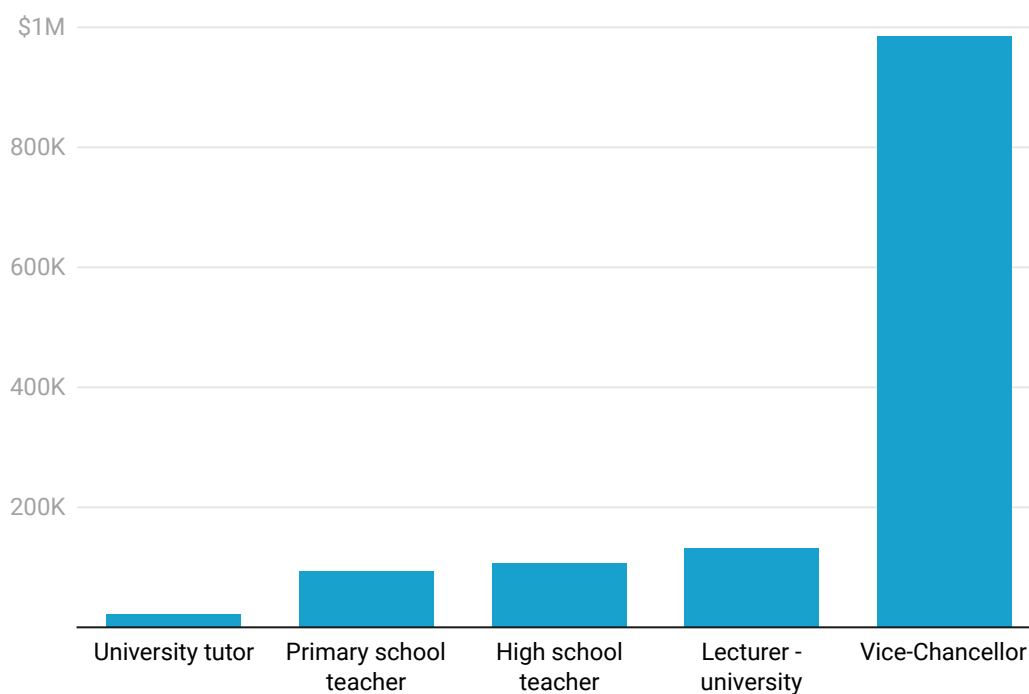
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Uni Vice-Chancellors keep getting richer while those who teach and research are left behind

February 4, 2025 by Jack Thrower

[Economics](#)[Law, Society & Culture](#)

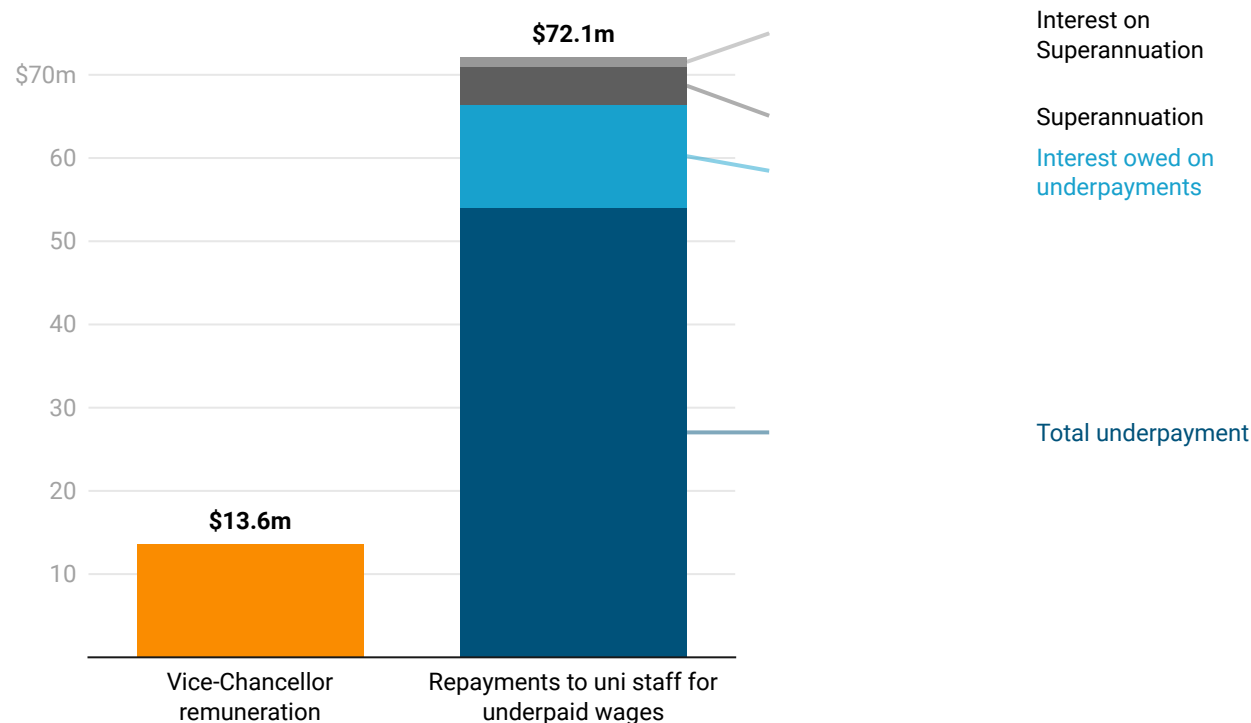
Vice-Chancellors are paid more than 7 times as much as lecturers and teachers



Vice-Chancellor figure is median of remuneration midpoints for 2022. Other figures use median salary/wage income for 2021-22, teacher salaries adjusted upward by 17% to take account any superannuation, long-service leave and other benefits. University salaries adjusted by 22% due to higher employer superannuation contributions prevalent in the sector.

Chart: The Australia Institute • Source: [ATO, NTEU and the Saturday Paper](#) • [Get the data](#) • Created with [Datawrapper](#)

Melbourne Uni spent millions on vice-chancellors to manage, and yet underpaying of uni staff was rife



Relevant period for repayments is 1 March 2014 to 9 April 2024. Vice-Chancellor remuneration is for 2014 to 2023 and uses midpoint of highest remunerated key management personnel at Melbourne University

Chart: The Australia Institute • Source: [Annual reports and Fair Work Ombudsman](#) • [Get the data](#) • Created with [Datawrapper](#)

The pay of university Vice-Chancellors has soared well beyond that of the teaching staff for no improvement in management.

Australia's Vice-Chancellors – the 'CEOs' of today's corporatised university sector – are among the highest paid in the world. This remuneration explosion occurred over just a few decades. If we account for inflation, Vice-Chancellors were each paid about \$300,000 per year in 1985; today's figure is over \$1 million.

Other university sector workers have not shared in this pay boom: one analysis showed that in 1985 an average Vice-Chancellor at an elite research-intensive university was paid 3.1 times more than an early career lecturer, by 2018 this ratio had increased to 16.1.

Despite many Vice-Chancellors taking salary reductions during COVID-19, these

figures remain stark in the post-pandemic period.

In 2022 Vice-Chancellor remuneration was at least 7 times more than that for university lecturers, more than 9 times than for high school teacher and over 10 times more than for primary school teachers. Meanwhile the average remuneration for university tutors, a job that has become highly casualised, insecure and often involves significant hours of unpaid work to ensure their student receive quality tuition and assessment feedback, is under \$23,000 per year, less than 3% of average Vice-Chancellor remuneration.

Poor labour conditions are not just an issue for tutors, they are rife across the sector. The National Tertiary Education Union estimates that there is "more than \$400 million in wage theft" across the university sector. Despite sky-high Vice-Chancellor remuneration are often justified on the grounds that they are managing a huge organisation, these management skills often do not allow them to prevent labour exploitation.

For example, the Vice-Chancellor of the University of Melbourne is one of the highest paid in the world, from 2014 to 2023 remuneration for this position totalled about \$13.6 million.

In December 2024, the university signed an Enforceable Undertaking with the Fair Work Ombudsman admitting to contravening the Fair Work Act between early 2014 and early 2024. The university also committed to paying more than 25,000 staff a total of over \$72 million. This included about \$13.4 million just in interest on underpayments and owed superannuation, about the same value as remuneration for the Vice-Chancellors.

Things don't appear to be getting any better for staff, budget cuts across seven universities could lead to more than 1,000 job losses, meanwhile ANU staff recently rejected a proposal to surrender a below-inflation pay rise. The Australian Universities Accord, the government's plan to fix the sector, includes no recommendations to significantly improve conditions for university staff.

The Government has also announced the creation of a national expert governance council, which will likely include rules for Vice-Chancellor remuneration. Reporting suggests this body will only issue guidance rather than

binding rules. This guidance is likely to link Vice-Chancellor remuneration with remuneration for comparable roles of similar scale and complexity as those in the public service. However, remuneration of senior public service executives has also skyrocketed in recent decades.

While not quite reaching the absurdity of Australian Vice-Chancellors, in 2023 Australian public service heads of department received an average of over \$900,000 in remuneration per year. The OECD's latest survey of compensation for senior government managers revealed that Australia's top public servants are the highest paid across the entire OECD, the same was not true for lower-level public service staff such as secretarial positions.

Vice-Chancellor pay is out of control while the sector is plagued by low pay, poor job security, unpaid hours, and employment law contraventions. It's time for a fairer deal for people who do the bulk of the work at universities, such as teaching and researching, and a reduction in the exorbitant salaries of senior management who let these labour conditions continue



Jack Thrower

Researcher

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February 5, 2025 by Jack Thrower

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Vice-chancellor remuneration and World University Ranking

	\$0	\$200,000	\$600,000	\$1,000,000	\$1,400,000
Uni of Melbourne (39th)	\$1,447,500				
Karolinska Institute (49th)		\$290,681			
Uni of Sydney (61st)	\$1,177,500				
ANU (73rd)	\$852,242				
Uni of Queensland (77th)	\$1,162,500				
UNSW Sydney (83rd)	\$1,322,500				
KTH Royal Institute of Technology (95th)		\$258,228			
Lund University (95th)		\$261,812			
Uni of Copenhagen (97th)	\$407,769				
Uni of Adelaide (128th)	\$1,052,500				
Flinders Uni (301-305th)	\$1,315,000				
Uni SA (301-350th)	\$1,235,000				

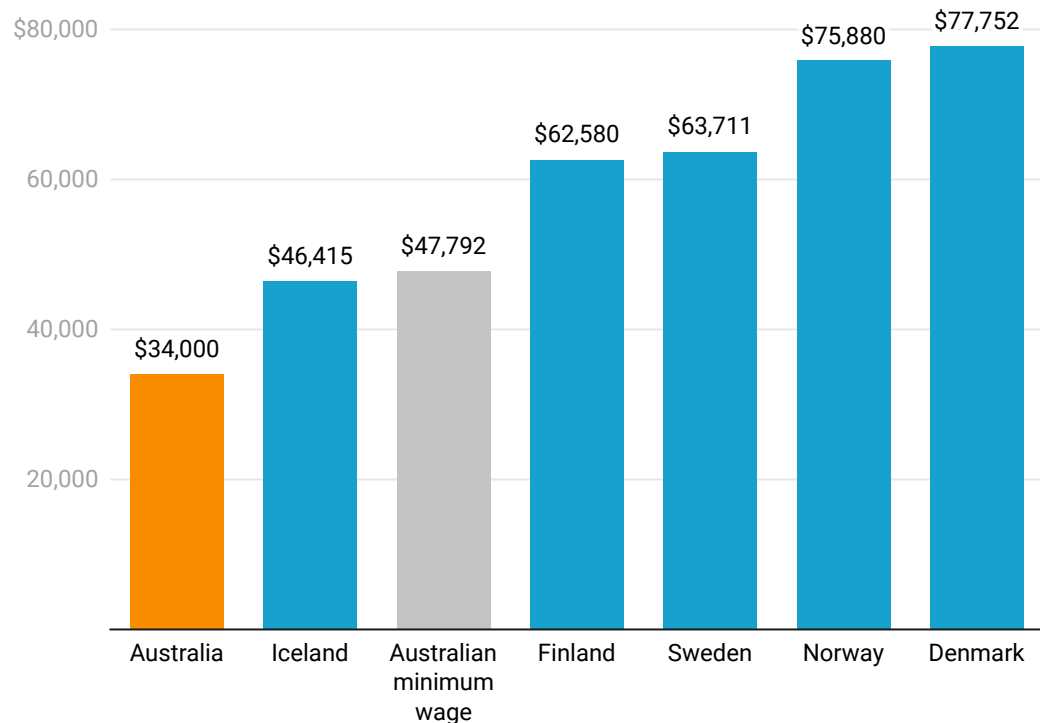
2025 World University Ranking in parenthesis. Remuneration and salary figures are for 2023. Figures converted to Australian

dollars using 2023 Purchasing Power Parities for household final consumption expenditure.

Chart: The Australia Institute • Source: [Annual reports, Universitetsläraren, University of Copenhagen, Time Higher Education](#) • [Get the data](#) • Created with [Datawrapper](#)

Australian PhD students don't even earn the minimum wage

PHD student base pay by country



Figures are average base pay for PhD students in 2025 according to Glassdoor. Converted to Australian dollars using 2023 Purchasing Power Parities for household final consumption expenditure.

Chart: The Australia Institute • Source: Glassdoor, Fair Work Commission • [Get the data](#) • Created with [Datawrapper](#)

Australia's university Vice-Chancellors are among the highest paid in the world, while Australia's PhD students are some of the lowest paid. That is not a sign of a healthy education system.

Australia's higher education system is broken. University Vice-Chancellors – the CEOs of today's corporatised higher education system – are among the highest paid in the world. Meanwhile, students suffer from expensive degrees, expanding debts and meagre income support, and staff are subjected to job insecurity, casualisation, hours of unpaid work and even outright employment law contraventions.

None of this is inevitable. Government choices matter, Australia created the current system, and Australia can create a better system that prioritises students and workers. Other countries have shown that this can work. In the words of

Australia Institute Executive Director Richard Denniss

“Just consider the fact that in Norway, they tax the fossil fuel industry and give kids free university education, in Australia we subsidise the fossil fuel industry and charge kids a fortune to go to university.”

While Australian students are taking longer and longer to repay their debts, students in the Nordic countries (Norway, Sweden, Denmark, Finland, and Iceland) attend university for free. Their Vice Chancellors (known as rektors in these countries) are not excessively remunerated.

Australia's system is sometimes defended as necessary to attract managers talented enough to maintain or improve international rankings of our universities. Though these ranking systems are flawed in many ways, the Nordic countries show how universities can have high rankings without excessive Vice-Chancellor remuneration.

According the 2025 Times Higher Education World University Rankings, Australia and the Nordic countries have a similar number of universities that rank in the top 100, and also in the top 200. Australia has a similar population to the combined population of the Nordic countries.

Comparing universities in the top 100 by remuneration in the latest year of Australian data (2023) shows a stark difference between Australian and Nordic universities. Even the lowest paid Australian Vice-Chancellor, Dr Brian Schmidt of the Australian National University (who negotiated his salary down) was paid significantly more than even the highest paid equivalent at a Nordic university (Rector Henrik C. Wegener of the University of Copenhagen). Indeed, the pay for rectors of top-ranking Nordic universities is around the equivalent of \$300,000 Australian dollars; this what Australian Vice-Chancellors received in 1985 (adjusted for inflation) before the deregulation and corporatisation of the sector.

Another stark area of contrast is pay for PhD students. In Australia, PhD

candidates receive a tax-free stipend of \$33,511; a higher stipend is possible but rarely paid in practice. This is substantially less than full-time minimum wage, which is about \$47,800, or about \$41,700 after taxes. To make matters worse, if an Australian PhD candidate goes part-time, they must start paying tax on their paltry stipends. Unsurprisingly [PhD enrolments among domestic students has been declining](#).

The higher education policy of Nordic countries prioritises students rather than Vice-Chancellors. PhD students are recognised as employees and given a salary. These salaries mean that in Finland, Sweden, Norway, and Denmark, PhD students receive about double or more than students in Australia. Even Iceland, the Nordic country with the least generous PhD pay, the salary is roughly in line with the Australian full-time minimum wage.

The Universities Accord report, the largest review of Australia's higher education sector in decades, [recommended raising the PhD stipend and making the part-time stipend tax-free](#). Though the Albanese government has not ruled out this recommendation, it has also not yet committed to implementing it.

Australia's higher education system is broken but it can be fixed. The Nordic countries show how another system is possible, one that prioritises students and staff over exorbitant pay for Vice-Chancellors. It's time that the government learnt from these examples.

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Elective spending at Australian universities

Millions splashed on consultancies, travel and advertising

Many of Australia's public universities have announced plans to make significant budget cuts. Using the examples of the Australian Catholic University, the Australian National University and the University of Wollongong, this paper shows that high spending on consultants, advertising, and travel could have instead covered much of these proposed cuts. The budgetary decisions raise fundamental questions about what our universities are for. If they spent less money on inessential things, they would have more to pay staff properly and avoid budget crises.

Discussion paper

Joshua Black

March 2025

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Summary

Several Australian universities have recently announced cost cutting measures to repair budget deficits of their own creation. But these same universities have assets worth hundreds of millions of dollars, and spend liberally on things like advertising, consultants, and executive travel, the educational value of which are highly questionable.

In 2023, Australia's public universities spent \$363 million on advertising and marketing. In the case of Flinders University, advertising costs last year extended to the sponsorship of a Big Bash cricket team. Griffith University spent \$18.4 million on advertising in 2022, but recorded a net increase of just 651 new commencements the following year. This is roughly \$23,000 spent on advertising per additional new commencement. The Australian Catholic University fared even worse – in 2021 it spent \$6 million on advertising only to see new commencements fall by 76 students the following year.

Ten universities together spent more than \$390 million on travel in 2023. Senior executives, the highest-paid people on Australian university campuses, spent a disproportionate share of that money. For example, at the University of Queensland in 2023, the Vice-Chancellor spent the same as 15 ordinary lecturers on overseas travel. Of the Australian National University's \$42 million travel spending, roughly a quarter (\$11 million) was spent by executives. That \$11 million was the equivalent of 95 entry-level lecturers' annual salary.

In 2023, 27 Australian public universities spent roughly \$410 million on consultants. This included The University of New England, which spent \$5.7 million on consultants, half of which went to three of the "big four" firms. The University of Melbourne, meanwhile, spent up to 64% of its large consultancy budget on three of the big firms.

Universities spend big on these elective items, but staff and students are asked to bear the brunt of budget cuts when the reports show large deficits. This report looks at three recent examples, including:

- The Australian National University, which in 2022 and 2023 spent \$190 million on consultants, advertising and travel. In 2023, its spending on consultants was equivalent to a quarter of what all public universities in Victoria and Queensland spent combined. In 2024 it announced a plan to cut staff costs by \$100 million, and other costs by \$150 million.
- The Australian Catholic University, which between 2021 and 2023 spent \$26 million on advertising and a further \$33 million on consultants. In 2023 it pursued \$30 million worth of cuts to academic and professional jobs to repair a budget deficit of \$27.7 million.

- The University of Wollongong, which in 2023 spent \$22 million on consultants and travel. That amounts to 40% of the \$51 million that UOW hopes to save through two rounds of cuts, including to jobs.

The annual reports of Australia's public universities clearly show how wealthy these institutions are. In 2023, the ANU had \$3.65 billion in net assets, while the ACU had almost \$765 million, and the UOW had roughly \$810 million.

Great countries should have great institutions. Australia's universities have previously ranked among the world's best but have recently fallen in international rankings thanks partly to the sweeping cuts to their staff budgets and the deteriorating quality of their offerings. Universities need to be more transparent about their discretionary spending, so that staff and students can see exactly where the money spent in their name is going. An institution that protects its paper assets over its real assets – its staff and students – is an institution in need of repair.

The following policies could be introduced to increase transparency and accountability at Australia's universities:

- Improved disclosure requirements for consultancy spending across all states. Queensland and Victoria currently require their universities to disclose all consultancy spending in a separate statement, and in Victoria's case at an individual firm level for all contracts above \$10,000. Itemised disclosure requirements would improve transparency in university finances and improve the trust of their communities.
- Nationally consistent disclosure rules for overseas travel expenses, which would ensure a leaner and fairer travel funding environment in Australian universities.
- Institutional caps on executive travel costs to reduce the burden of business class flights on university budgets.
- Ensure the new Australian Tertiary Education Commission plays a leading role in managing student loads and demand fluctuations so that the sector does not need to spend \$363 million on advertising to compete for new enrolments.
- Nationally consistent annual reporting categories for universities so that better aggregate figures can be derived for the whole sector.

Introduction

In 2023, Australian universities spent nearly \$363 million on advertising. Ten universities together spent more than \$390 million on travel, while 27 universities with similar annual reporting categories spent \$410 million on consultants' fees. Many of these same universities are now expecting staff and students to bear the brunt of budget cuts.

In the past two years, several Australian universities have undertaken or announced plans for major budget cuts, including cuts to the academic staff who conduct the research and teach the courses that are at the heart of what higher education is for. The reality, however, is that universities have money, and plenty of it, but much of it is spent on things that are not the research or teaching that should be at the heart of Australia's public higher education system.

As we have shown elsewhere, Vice-Chancellors are now paid seven times as much as lecturers and teachers.¹ In this paper we examine other areas of significant non-academic university spending – namely consultants, advertising, and executive travel – that have contributed to the fiscal crises that Australia's universities are now in.

The Australian Catholic University (ACU), the Australian National University (ANU) and the University of Wollongong (UOW) are three good examples of where high spending on advertising, consultants, and travel has been followed quickly by budget cuts, the brunt of which are borne by staff and students.

These three examples are useful not because they are extraordinary, but because they are typical. None of the three are the sector's biggest spenders on advertising (that distinction goes to UNSW, which in 2023 spent more than \$23.5 million) or travel (University of Melbourne, which spent almost \$68 million in the same year). While the ANU's \$54 million spending on consultancies is unusually high, it is still dwarfed by UNSW, which spent \$316 million on "contract services (including consultants)" in 2023.²

More recently, these universities have announced big cuts to their budgets.

In 2023, ACU abolished at least 80 full-time professional jobs and roughly 30 academic jobs in the humanities disciplines. This included the disestablishment of its world-leading

¹ Thrower (2025)

Uni Vice-Chancellors keep getting richer while those who teach and research are left behind, <https://australiainstitute.org.au/post/uni-vice-chancellors-keep-getting-richer-while-those-who-teach-and-research-are-left-behind/>

² UNSW (2024) *Annual report 2023*, p 132, <https://www.unsw.edu.au/newsroom/annual-reports>

Dioana Institute of Philosophy and the Medieval and Early Modern Research program.³ The ANU, meanwhile, has initiated a plan to save \$250 million by 1 January 2026, with at least \$100 million coming from salary cuts. UOW has announced two rounds of cuts worth \$51 million in total. Four disciplines – Cultural Studies, Japanese, Mandarin and Science & Technology Studies (STS) – are to be abolished entirely.⁴

Even as they cut staff and reduce their offerings, these universities remain big spenders on discretionary items like travel, consultants and advertising. This boils down to a fundamental question of priorities. What is more important at a university: teachers or consultants? Low staff to student ratios or bus-side advertising? Field research or executive travel?

In just two years (2022 and 2023) the ANU spent \$190 million on travel, advertising and consultants. Its spending on consultants alone was equivalent to a quarter of what all public universities in Victoria and Queensland spent combined.⁵ Its total spending on these three discretionary items could have covered the \$100 million of salary cuts and 60% of the \$150 million non-salary cuts now earmarked by its leadership.

If UOW had cut its travel and consulting costs in half for any three years between 2013 and 2023, it would have eliminated the shortfall that has been used to justify the disestablishment of culturally valuable disciplines and dozens of jobs.

These universities also have money behind them. In fact, they have “billions of dollars’ worth of cash, bonds, shares and other financial assets.”⁶ For example:

- The ANU’s 2023 annual report shows that its net assets were valued at \$3.65 billion, its financial assets alone amounting to \$1.85 billion.⁷
- The ACU had its net assets valued at nearly \$765 million in 2023.⁸

³ Cassidy (2023) ‘Australian Catholic University sparks anger over scrapping medieval history and philosophy departments’, *The Guardian*, <https://www.theguardian.com/australia-news/2023/sep/14/australian-catholic-university-condemned-over-totally-indefensible-cuts-to-humanities-programs>

⁴ Long (2025) *Staffing and teaching changes achieve \$21m in recurrent savings*, [https://www.uow.edu.au/media/2025/final-teaching-workplace-change-plan-announced.php#:~:text=4%20disciplines%20remain%20unviable%20\(Cultural,Studies\)%20and%20will%20be%20disestablished.](https://www.uow.edu.au/media/2025/final-teaching-workplace-change-plan-announced.php#:~:text=4%20disciplines%20remain%20unviable%20(Cultural,Studies)%20and%20will%20be%20disestablished.)

⁵ Adhikari (2024) *Australian public universities are now spending millions on consultants*, <https://australiainstitute.org.au/post/australian-public-universities-are-now-spending-millions-on-consultants/>

⁶ Littleton (2022) *At the Crossroads: What is the post-COVID future of Australia’s public universities?* <https://australiainstitute.org.au/report/at-the-crossroads/>; Denniss (2020) ‘Unis must save staff not cash reserves’, *The Saturday Paper*, <https://www.thesaturdaypaper.com.au/opinion/topic/2020/06/06/unis-must-save-staff-not-cash-reserves/15913656009925>

⁷ ANU (2024) *Annual report 2023*, p 14, <https://www.anu.edu.au/about/strategic-planning/annual-report-2023>

⁸ ACU (2024) *Annual report 2023*, p 31, <https://www.acu.edu.au/about-acu/leadership-and-governance/governance/corporation/annual-reports>

- UOW's net assets were valued at more than \$810 million for 2023, a decrease of 11% on the previous year's asset valuation on account of capital expenditure, debt repayments and the "impairment of UOW [Hong Kong] property".⁹

Even if we ignore the vast reserves of cash, investments, financial instruments and property underwriting university balance sheets and focus purely on the spending habits of the "parent entities" (the universities minus their subsidiary entities), there is money to be saved in their discretionary spending. This report shows that in the case of ACU, ANU and UOW, livelihoods would be saved if there were greater scrutiny and transparency around these items.

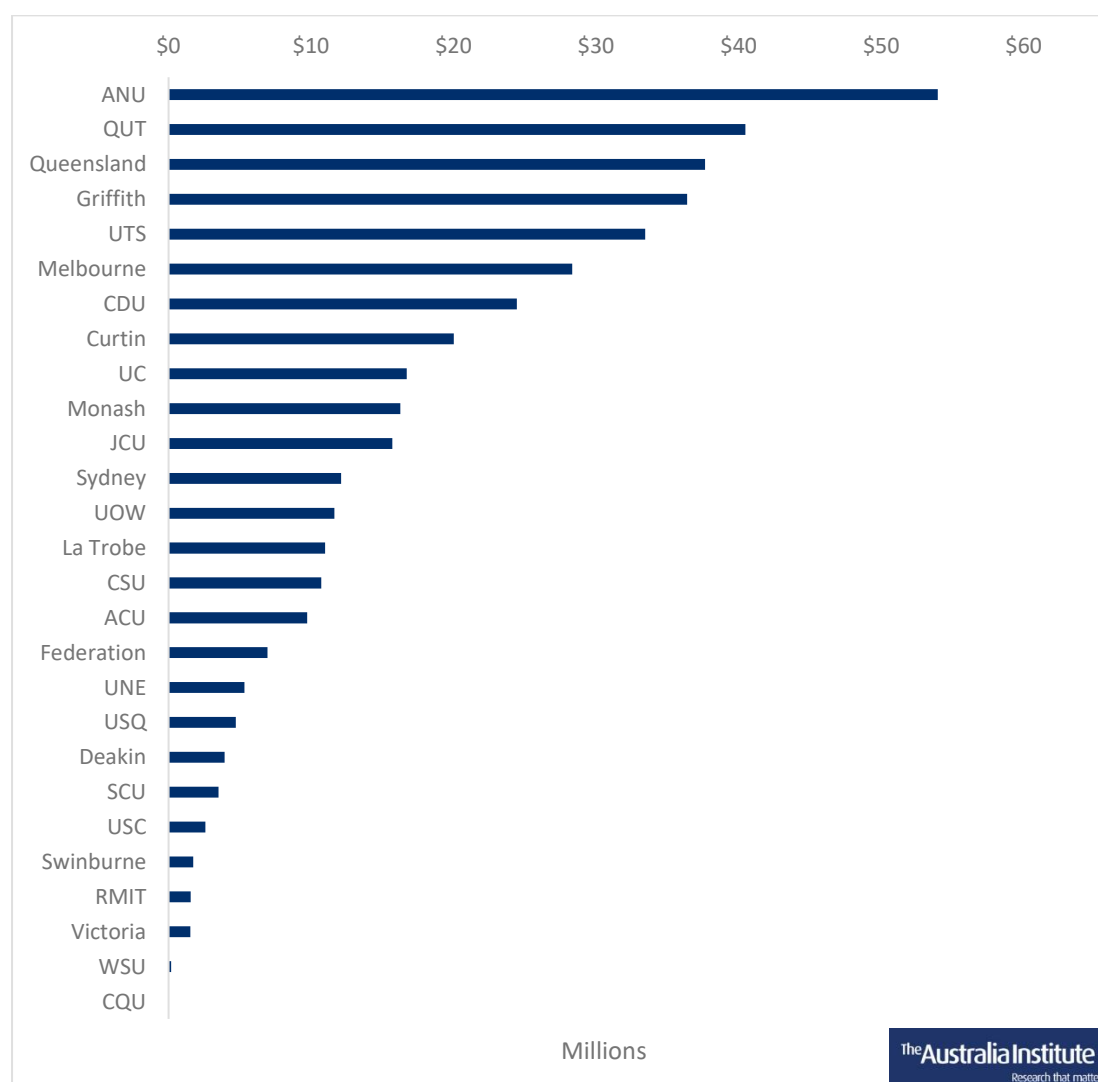
⁹ UOW (2024) *Annual report 2023*, p 26, <https://www.uow.edu.au/about/annual-reports-and-financial-statements/>

Consultants

Universities spend tens of millions of dollars each year on consultants. Variations in the categories used in annual reports make it difficult to derive a sector-wide spending figure, there are some proxy sums that can illustrate the magnitude of universities' spending on consultants and professional fees. Five of Australia's metropolitan Group of Eight universities spent more than \$150 million on consultants between them.

In 2023, the 27 universities with the most directly comparable annual reports spent nearly \$410 million on consultants. That amounted to an average expenditure of over \$15 million each.

Figure 1: University expenditure on "consultants" in 2023.



Source: annual reports.

These are the universities whose financial statements are categorised most similarly, but even here, there are some arbitrary, even evasive distinctions. The University of Sydney spent \$12.1 million on consultants in 2023, but it also spent \$153.2 million on “externally sourced services”, details of which are not specified.¹⁰ Central Queensland University reports its consultancy spending separately, but its annual report also includes an aggregate figure for “management and consultant fees”, which in 2023 was close to \$2 million.¹¹

Four other universities (University of Tasmania, Edith Cowan University, University of Newcastle and the University of Western Australia) spent \$159.9 million on “professional services”. Of these four, the University of Newcastle was a distinct outlier with \$76.2 million spent on “professional services” in 2023. The average spending among these four institutions was almost \$40 million, though this falls to \$28 million if Newcastle is excluded.

Another two (UNSW and Macquarie University) prefer to group “consultants” and “contractors” together in their annual reports. In 2023, UNSW spent \$316 million in this category, while Macquarie spent \$58 million. A further three universities list this type of spending in sundry ways. The University of Notre Dame spent \$5.8 million on “Consultancy, audit fees, bank charges, legal costs and insurance expenses.” The University of Adelaide spent \$35.5 million on “consultants and specialist services”, while the University of South Australia spent \$83 million on “external services.”

Few would argue with the need for universities to procure external legal advice or IT services, and university executives would likely protest that these make up a large portion of the generic “consultancy” figures in their annual reports. But such complaints illustrate the argument for more transparency, not less. One commentator familiar with the sector’s practices suggests that most of these services are of the “strategic management variety”.¹²

Roughly a third (30%) of La Trobe University’s consultancy spending was for “strategy development” or “management consulting” (almost \$3.2 million).¹³ These include contracts with Nous Consulting Group and KPMG that were worth a combined total of roughly \$718,000. At UNE, almost half (49%) of consultancy expenditure went to PwC, EY and KPMG for “analysis and project support” and “internal audit services”.¹⁴ At James Cook University,

¹⁰ University of Sydney (2024) *Annual report 2023*, p 78, <https://www.sydney.edu.au/about-us/vision-and-values/annual-report.html>

¹¹ CQU (2024) *Annual report 2023*, p 66, <https://www.cqu.edu.au/about-us/annual-report>

¹² Moore (2023) *The Big Four consultants have captured universities*, <https://www.thesaturdaypaper.com.au/news/education/2023/06/17/the-big-four-consultants-have-captured-universities#mtr>

¹³ La Trobe University (2024) *Consultants 2023*, <https://www.latrobe.edu.au/council/resources>

¹⁴ UNE (2024) *Annual report 2023*, p 42, <https://www.une.edu.au/about-une/annual-reports>

nearly a quarter (23%) of the \$15.7 million spent on consultants was for “human resources management”, “communications” or “finance/accounting”.¹⁵

Even as universities have spent big on consultants, they have practised systemic wage theft. In a recent NSW budget estimates hearing the University of Sydney revealed that it had spent \$12.3 million on professional contractors and consultants to manage its own wage theft review and remediation program from 2020 to 2024.¹⁶

If universities better utilised the knowledge and expertise they already have, they would save millions in annual expenditure. Writing in *The Saturday Paper*, one former academic has rightly noted that universities are knowledge-making institutions and should not need external advice for strategic decision-making.¹⁷ University leaders could save money and improve institutional morale if staff had greater say in decision-making.

Previous Australia Institute research has shown that public universities in Victoria and Queensland spent \$209 million on consultants in 2023.¹⁸ Disclosure laws in these states require public universities to publish their consultancy spending, and in the case of Victoria, individually for contracts above \$10,000. This means that we can see the project categories and costs of specific consulting contracts. For example, the University of Melbourne, spent 64% of its consultancy budget on services from three of the ‘Big Four’ consultants: KPMG (for “IT consultancy services”), Deloitte and PwC (both for “business advisory services”).¹⁹

Other states have no such transparency requirements, which means that universities can report their consulting expenditure as an annual sum without disaggregating by item, project type or contract worth. Students, staff and community stakeholders learn very little about where their institution’s funds have gone.

An itemised disclosure requirement for consultancy spending, if implemented across the country, would significantly improve transparency in university finances and help to rebuild the trust of their communities.

¹⁵ JCU (2024) *2023 Open data – consultancies*, <https://www.jcu.edu.au/about-jcu/strategic-direction/annual-report>

¹⁶ University of Sydney (2 October 2024), Responses to Supplementary Questions, Budget Estimates, *NSW Legislative Council*, <https://www.parliament.nsw.gov.au/committees/Pages/budget-estimates.aspx>

¹⁷ Moore (2023) *The Big Four consultants have captured universities*, <https://www.thesaturdaypaper.com.au/news/education/2023/06/17/the-big-four-consultants-have-captured-universities#mtr>

¹⁸ Adhikari (2024) *Australian public universities are now spending millions on consultants*, <https://australiainstitute.org.au/post/australian-public-universities-are-now-spending-millions-on-consultants/>

¹⁹ University of Melbourne (2024) *2023 UOM consultancy disclosure*, <https://about.unimelb.edu.au/news-resources/reports-and-publications>

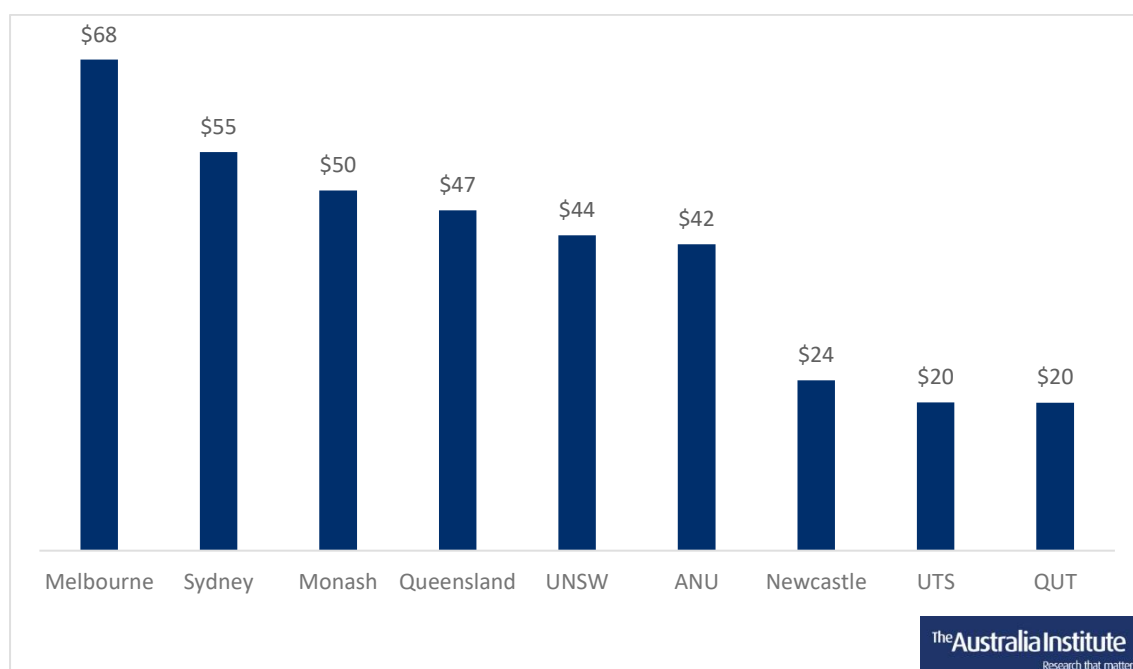
Executive Travel

In 2023, ten Australian universities managed to spend a combined total of \$390 million on travel (Figure 3). We know that, in some cases, the executive proportion of total travel spending amounts to a quarter of total travel costs (as discussed below). If that were true of the sector more broadly, then those ten universities would have spent a combined total of \$97.5 million on executive travel in 2023.

The individual figures can look small on a university's annual financial statement, but they can in fact make the difference between operating surplus or deficit.

At a recent Tasmanian parliamentary hearing, the University of Tasmania explained its 2023 deficit (\$10.4 million including its subsidiaries) by blaming "inflation" and the "challenging international student market".²⁰ While both may be true, its deficit was dwarfed by its travel spending, which exceeded \$18.6 million (subsidiaries included).²¹ Tellingly, that travel figure did not even rank it among the top 10 spenders in 2023.

Figure 2: Top ten universities by travel spending, 2023. (Selected universities by travel spending.)



Source: annual reports.

²⁰ UTAS (2024) *Annual report 2023*, p 70, <https://www.utas.edu.au/about/governance-leadership-and-strategy/governance/annual-reports>

²¹ UTAS (2024) *Annual report 2023*, p 95, <https://www.utas.edu.au/about/governance-leadership-and-strategy/governance/annual-reports>

University annual reports generally do not give detailed data on how travel budgets are spent, but Queensland's unique disclosure requirements suggest that executives make the greatest claims on university accounts.

The University of Queensland's Vice-Chancellor spent just over \$101,000 on overseas travel in 2023. In the same year, overseas travel spending for 89 staff listed as Lecturer (Level B) amounted to \$594,550.²² This means that overseas travel for one Vice-Chancellor was equivalent to that of about 15 ordinary lecturers.

At James Cook University in 2023, nearly 10% of the overseas travel budget was spent by six executives (including the Vice-Chancellor).²³ At Griffith University in the same year, a single executive whose role is entitled Vice-President (Global) spent the equivalent of a Level C lecturer's salary (which in 2023 was \$144,571) on overseas travel.²⁴ Griffith University does not have an overseas campus, and in its 2023 annual report recorded on 11 students whose home campus was "offshore".²⁵

Most universities choose not to disclose this kind of information about their travel costs at all. If executives continue to spend big on their own travel without any public accountability, total travel costs will continue to undermine wider efforts to balance universities' operational deficits. Nationally consistent disclosure rules and greater scrutiny of travel costs would ensure a leaner and fairer travel funding environment in Australian universities.

²² University of Queensland (2024) *Overseas travel*, <https://about-us.uq.edu.au/organisation/policies-procedures-guidelines/annual-reports>

²³ JCU (n.d.) *2023 Open Data – Overseas Travel*, <https://www.jcu.edu.au/about-jcu/strategic-direction/annual-report>

²⁴ Griffith University (2024) *2023 overseas travel report*, https://www.griffith.edu.au/__data/assets/file/0036/1946763/Griffith-University-Overseas-Travel-Report-2023.csv; Griffith University (2023) *Academic Staff Enterprise Agreement 2023-2025*, p 52, Schedule 3, Level C Step 5 (March 2023), <https://www.griffith.edu.au/staff/human-resources/enterprise-agreements>.

²⁵ Griffith University (2024) *Annual report 2023*, p 19, <https://www.griffith.edu.au/about-griffith/corporate-governance/plans-publications#reports>

Advertising and Marketing

Each year, Australian universities spend millions on advertising, marketing and promotional expenses that could help pay for teaching and learning costs. University marketing can take the form of television and online advertisements, posters and wraparounds on buses and bus stops, sporting sponsorships, printed material and more. In August 2024 Nielsen reported that universities spent more than \$175 million solely on advertisements in the previous twelve months.²⁶ As public higher education institutions, Australia's universities should not need to compete with each other for customers. These high advertising budgets are a symptom of a larger underlying issue with the sector.

Australia's public universities spent roughly \$363 million on advertising, marketing and promotional expenses in 2023. These are all public institutions, founded by Acts of the relevant state governments. While some campaigns are designed to enhance the generic brand of a university or to raise an institution's profile in the hope of attracting philanthropic funding, most of these campaigns are aimed at prospective new enrolments.

In addition to expensive advertising campaigns, universities invest in promotional partnerships with sporting teams. Money is spent so that the institution can have its name and logo displayed around stadiums during broadcasts, as Edith Cowan University did during the 2015 AFL Grand Final.²⁷

In December 2024, Flinders University announced itself as the new "Principal Partner" of the Adelaide Strikers Big Bash League team. Flinders claimed that this would benefit students enrolled in the Diploma of Sport Management (Cricket), providing them with links, access and "hands-on experience".²⁸ The immediate outcome, though, was that Flinders got its logo on the centre of players' uniforms and on the pitch itself.²⁹ This is only one example of a university sponsoring a sports team.

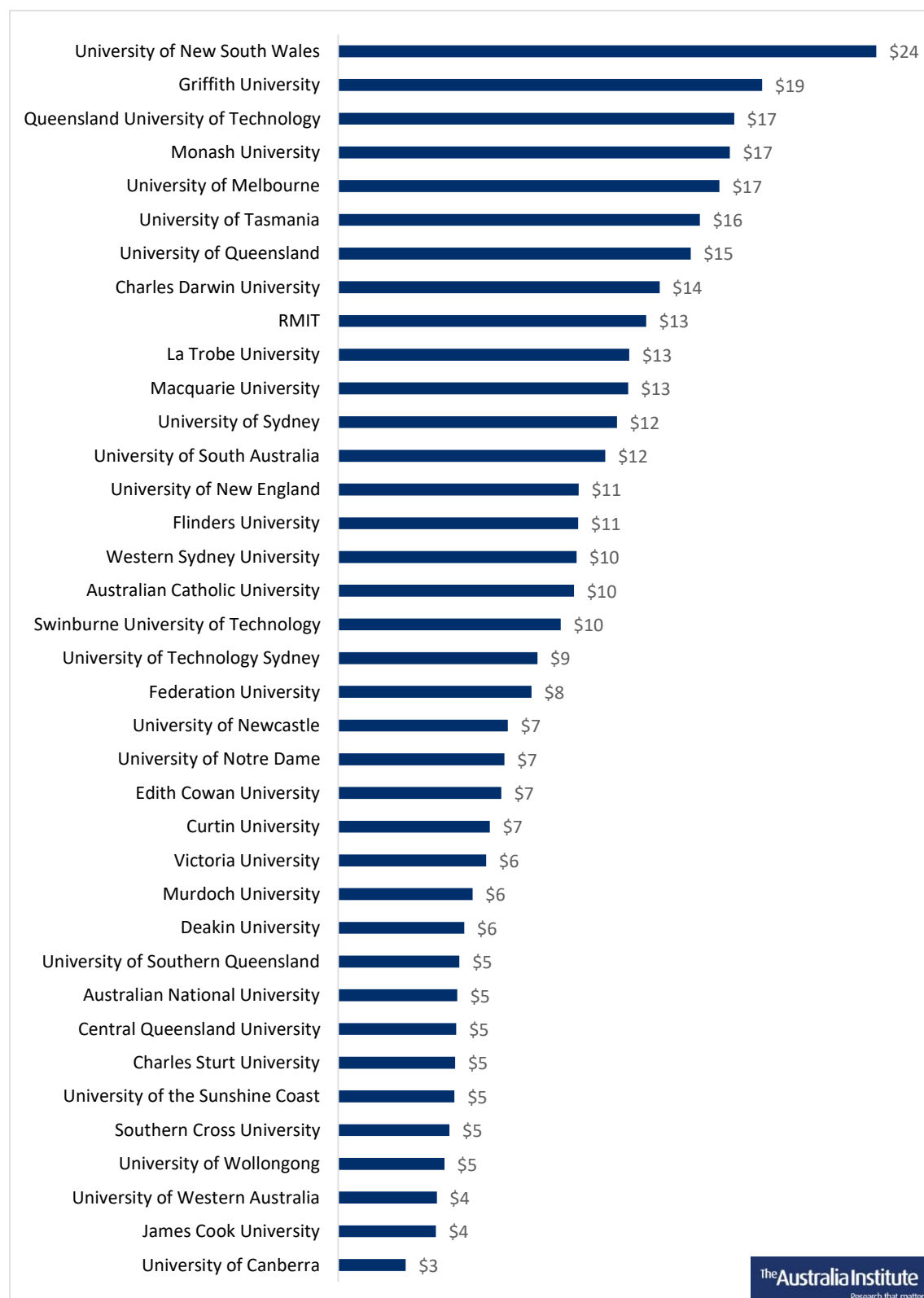
²⁶ Nielsen (2024) *Nielsen data shows Australian tertiary education institutions spent more than \$175m on ads in last 12 months*, <https://www.nielsen.com/news-center/2024/nielsen-data-shows-australian-tertiary-education-institutions-spent-more-than-175m-on-ads-in-last-12-months/>

²⁷ Cervini (2015) 'Universities spend millions on marketing but word of mouth from students seems as effective', *Sydney Morning Herald*, <https://www.smh.com.au/education/universities-spend-millions-on-marketing-but-word-of-mouth-from-students-seems-as-effective-20151022-gkfy.html>; Big Bash (2025), 'Adelaide Strikers v Brisbane Heat Match Highlights', *YouTube*, <https://www.youtube.com/watch?v=Jig2BIA91Sw>

²⁸ Flinders University (2024) *Flinders and Adelaide Strikers bowling over education barriers*, <https://news.flinders.edu.au/blog/2024/12/12/flinders-and-adelaide-strikers-bowling-over-education-barriers/>

²⁹ Big Bash (2025), 'Adelaide Strikers v Brisbane Heat Match Highlights', *YouTube*, <https://www.youtube.com/watch?v=Jig2BIA91Sw>

Figure 3: Australian public universities ranked according to expenditure on advertising, marketing and promotional expenses (\$ millions) in 2023.



Source: annual reports.

Little of this spending leads to higher student commencement rates.

In 2022, UNSW spent just over \$17 million on advertising and increased its new commencements by 14% (3,550 students) the following year. Monash University spent almost \$22 million on advertising and marketing in 2022 for about the same increase (14.7%, or 3,845 students) in 2023. Assuming that the goal of advertising is to attract additional students, Monash arguably spent an extra \$5 million for no appreciable gain. That \$5 million could have covered the salary costs of up to 30 Level D academics (Associate Professors) for the calendar year.³⁰ Alternatively it could have paid for the cost of the former Vice-Chancellor's farewell party (\$127,000) nearly 40 times over.³¹

Also in 2022, Griffith University spent more than \$18.4 million on advertising and marketing only to boost its new commencements by 3.9% (651) in the following year. That amounts to \$23,000 worth of advertising for every new commencement above the previous year's figure.

The University of Tasmania spent \$16.5 million on advertising and marketing in 2023 and its new commencements rose by 3.8% the following year. This was an increase of just 568 additional new commencements from 2022. If new commencements in 2023 had remained level with those of 2022 in the absence of advertising, then it arguably cost UTAS \$29,100 per head to attract each of those 568 students.

³⁰ Monash University (2024) *Monash University Enterprise Agreement (Academic and Professional Staff) 2024*, Schedule 2, Level D Step 4 (3 Dec 22), <https://www.monash.edu/current-enterprise-agreements/academic-professional-2024#S1>

³¹ AAP and Guardian Staff (2024) 'Monash University criticised over \$127,000 farewell party for vice-chancellor while students "sit on the floor"', *The Guardian*, <https://www.theguardian.com/australia-news/2024/mar/05/monash-university-farewell-party-vice-chancellor-margaret-gardner-ngv-cost>

Case Studies

ACU, ANU and UOW are compelling examples of the trade-offs that universities have made between investing in education, and spending on consultants, travel, and advertising. In the past two years, each university has embarked on a major program of cuts to courses and jobs for the sake of a future budget surplus.

AUSTRALIAN CATHOLIC UNIVERSITY

From 2021 to 2023, ACU spent over \$26 million on advertising and marketing. In the same period, it spent \$33 million on consultants' fees. While these were not the largest expenses the university incurred in that period – a new building in Fitzroy, Melbourne cost \$250 million³² – they contributed to ACU's operational shortfall.

Deficit and Cuts

In 2023 ACU reported an operational net deficit of \$27.7 million for 2023.³³ Its total revenue and operational income for 2023 stood at \$571.6 million and its total expenses from continuing operations at roughly \$599.3 million.³⁴ But despite the opportunity to save money on discretionary spending, the university embarked on two rounds of change management plans involving cuts to staff.

First, in early 2023, ACU leaders announced plans to cut 110 full-time professional (non-research or teaching) staff for a net saving of \$16 million, alongside other measures that would amount to a total of \$30 million in cuts.³⁵ Ultimately, just 80 of those positions appear to have been abolished in that wave.³⁶

³² Carey (2023) 'Australian Catholic Uni cuts 100 jobs, 40 in Melbourne, as enrolments shrink, costs rise', *Sydney Morning Herald*, <https://www.smh.com.au/national/australian-catholic-uni-cuts-110-jobs-mostly-in-melbourne-as-enrolments-shrink-costs-rise-20230215-p5cko6.html>

³³ ACU (2023) *Annual report 2022*, p 26, <https://www.acu.edu.au/about-acu/leadership-and-governance/governance/corporation/annual-reports>; ACU (2024) *Annual report 2023*, p 26, <https://www.acu.edu.au/about-acu/leadership-and-governance/governance/corporation/annual-reports>

³⁴ ACU (2024) *Annual report 2023*, p 26, <https://www.acu.edu.au/about-acu/leadership-and-governance/governance/corporation/annual-reports>

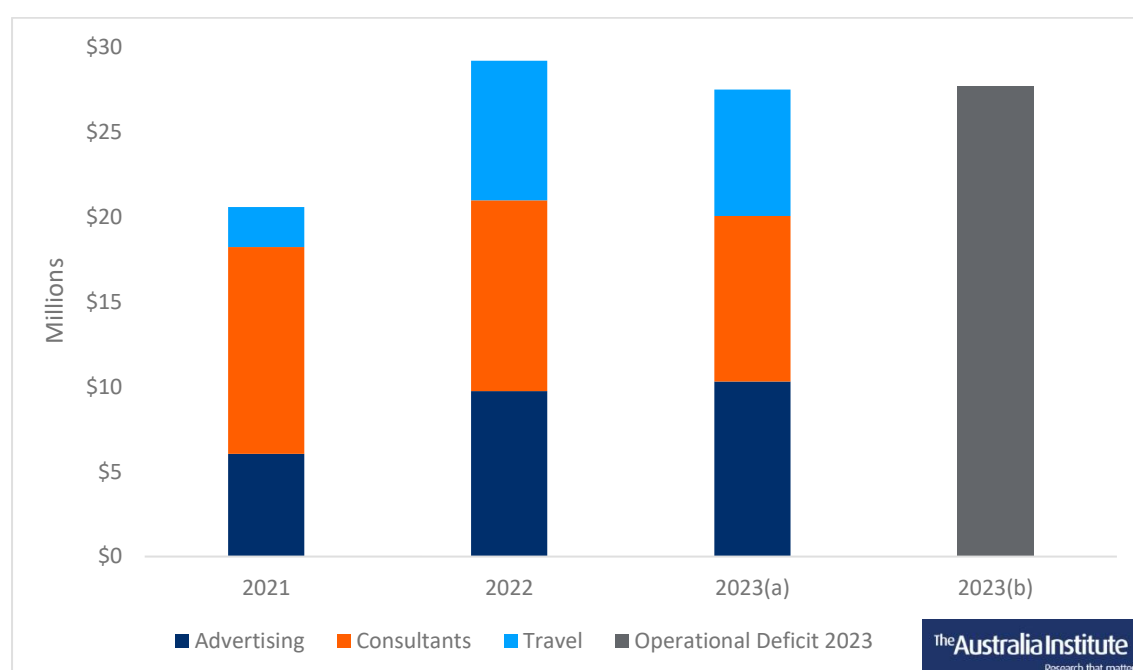
³⁵ Carey (2023) 'Australian Catholic Uni cuts 100 jobs, 40 in Melbourne, as enrolments shrink, costs rise', *Sydney Morning Herald*, <https://www.smh.com.au/national/australian-catholic-uni-cuts-110-jobs-mostly-in-melbourne-as-enrolments-shrink-costs-rise-20230215-p5cko6.html>

³⁶ Cassidy (2023) 'Australian Catholic University sparks anger over scrapping medieval history and philosophy departments', *The Guardian*, <https://www.theguardian.com/australia-news/2023/sep/14/australian-catholic-university-condemned-over-totally-indefensible-cuts-to-humanities-programs>

Then, in September that year, a targeted round of cuts to academic jobs (those who perform the research and teaching on which universities depend) in the humanities disciplines was announced. The plan proposed to reduce 52 academic positions to just 19. These cuts included the total disestablishment of its world-leading Dioana Institute of Philosophy and the Medieval and Early Modern Research program.³⁷

Were it not for the large sums executives spent on travel, consultants and advertising, these cuts may not have been necessary.

Figure 4: ACU spending on consultants, advertising and travel, 2021 to 2023.



Source: annual reports.

Spending on Consultants

From 2015 to 2022, ACU consistently spent more than \$10 million per year on external consultants. Indeed, its total spending for the decade to 2023 amounts to \$116 million.

If ACU had cut its consulting costs by \$5 million per year between 2017 and 2022, it would have eliminated its 2023 deficit. Even in the latter year, it spent \$9.7 million on consultants, the equivalent of nearly 65 full time Level C academics.³⁸

³⁷ Cassidy (2023) 'Australian Catholic University sparks anger over scrapping medieval history and philosophy departments', *The Guardian*, <https://www.theguardian.com/australia-news/2023/sep/14/australian-catholic-university-condemned-over-totally-indefensible-cuts-to-humanities-programs>

³⁸ ACU (2022) *Enterprise Agreement 2022-2025, Schedule 1 - Part A – Academic Staff Salary Rates*, Academic Level C Increment 4, 1-Jan-2023, https://staff.acu.edu.au/people_and_capability/working-here/acu-staff-

Instead, professional staff and academics bore the cost of the failure to restrain that spending.

Marketing Expenses

Changes in the ACU's categorisation of marketing expenses in annual reports mean that it is difficult to trace spending consistently before 2021. However, in the three years to 2023, ACU spent over \$26 million on advertising, marketing and promotional expenses.

This cumulative spending had muted effects on new commencements and university revenue.

- In 2021, ACU grew its new commencements from the previous year by 98 students (0.8%).
- It spent \$6 million on advertising that year only for new commencements in 2022 to decline by 76 students (-0.6%).
- Another \$9.7 million of advertisement expenditure for 2022 netted an increase of 303 students, or a 2.6% gain, in 2023. This amounts to \$800 in advertising costs per commencing student in 2023, or \$32,155 in advertising costs per new commencement above 2022 figures.

ACU is not the sector's biggest spender (Figure 5). It is a multi-campus university operating in a national environment, and as such it is a perfect illustration of the opportunity cost associated with advertising expenses in our higher education industry. Its problems are the sector's problems. Like other universities, it has sat on substantial wealth (its net assets are valued at nearly \$765 million) while making staff redundant.³⁹ Moreover, when executives used plateauing student enrolment rates as justification for their cutbacks, they were implicitly confirming the inefficacy of their expensive advertising campaigns.⁴⁰

enterprise-agreement-2022-2025/schedule-1-part-a-academic-staff-salary-rates. Calculation excludes leave entitlements.

³⁹ ACU (2024) *Annual report 2023*, p 31, <https://www.acu.edu.au/about-acu/leadership-and-governance/governance/corporation/annual-reports>

⁴⁰ Carey (2023) 'Australian Catholic Uni cuts 100 jobs, 40 in Melbourne, as enrolments shrink, costs rise', *Sydney Morning Herald*, <https://www.smh.com.au/national/australian-catholic-uni-cuts-110-jobs-mostly-in-melbourne-as-enrolments-shrink-costs-rise-20230215-p5cko6.html>

AUSTRALIAN NATIONAL UNIVERSITY

Across 2022 and 2023, the ANU spent more than \$71.6 million on travel, over \$11 million on advertising and over \$107 million on consultants. That \$190 million, if saved, would have negated entirely the \$100 million cuts to jobs and 60% of the earmarked cuts to non-salary expenses (\$150 million) that the ANU subsequently announced.

Deficit and Cuts

The ANU is projecting an operational deficit around \$200 million for 2024.⁴¹ University leaders are looking to cut \$100 million in salary costs and a further \$150 million in operating expenses.⁴² This “renewal” plan includes the abolition of the College of Health and Medicine and roughly 50 jobs along with it.⁴³

Spending on Consultants

The ANU’s most recent annual report shows that it spent \$53.9 million on consultants in 2023. That amounts to a fifth of its current \$250 million savings target. This also means that the ANU spent a quarter of what was spent on consultants by all public universities in Victoria and Queensland combined.⁴⁴

At a Senate Estimates hearing in February 2025, ANU executives were asked about potential conflicts of interest arising from Chancellor Julie Bishop’s procurement of consulting services from Vinder Consulting, a firm owned by her former chief of staff Murray Hansen, who is also a partner in Bishop’s own consulting firm.⁴⁵ These questions were taken on notice by the ANU, and staff have since confirmed that Vinder had been contracted by the

⁴¹ ANU (2024) *FAQs: Renew ANU*, <https://www.anu.edu.au/news/all-news/faqs-renew-anu#:~:text=The%20University's%20projected%202024%20deficit,million%20by%201%20January%202026>.

⁴² Twyford and Toomey (2024) ‘Australian National University to cut jobs and spending as it faces \$200 million deficit this year’, *ABC news*, <https://www.abc.net.au/news/2024-10-03/anu-announces-restructure-job-cuts-amid-soaring-deficit/104426854>

⁴³ ANU (2024) *Implementation Plan: Academic Portfolio*, p 2, p 15, <https://www.anu.edu.au/news/all-news/implementation-plans>

⁴⁴ Adhikari (2024) *Australian public universities are now spending millions on consultants*, <https://australiainstitute.org.au/post/australian-public-universities-are-now-spending-millions-on-consultants/>

⁴⁵ Hare (2025) ‘ANU quizzed over contracts awarded to chancellor Julie Bishop’s friend’, *Australian Financial Review*, <https://www.afr.com/work-and-careers/workplace/anu-quizzed-over-contracts-awarded-to-chancellor-julie-bishop-s-friend-20250225-p5lf0w>

communications division to perform \$35,000 worth of speechwriting for Bishop since 2019.⁴⁶

Executive Travel Spending

At an earlier Senate Estimates hearing in November 2024, ANU Vice-Chancellor Genevieve Bell said that, for academics, travel was part of “the way they do their research and the way they share their research”.⁴⁷ But, at the same hearing, Bell confirmed that a quarter of the university’s \$42 million travel spending in 2023 (roughly \$11 million) was spent only on executive travel.⁴⁸ While the 2024 annual report is not yet available, the Chief Operating Officer confirmed at the same Senate Estimates that a similar proportion (24%) of travel costs for that year were incurred by executives flying Business Class.⁴⁹

The ANU lists travel costs among several non-salary budget items it hopes to reduce in 2025,⁵⁰ and its current travel policy handbook (amended in January 2025) allows only Deputy-Vice Chancellors, Pro Vice-Chancellors, the Chief Operating Officer, College Deans and Directors of Research Schools and Service Divisions to fly Business Class (or premium economy).⁵¹ This appears not to represent any appreciable change in existing policy.

Advertising and Marketing Expenses

For the \$5.9 million that the ANU spent on marketing in 2022, it netted just 623 extra commencements the following year – or a bit under \$9,500 per additional new enrolment above 2022 figures.

Although the ANU’s spending on advertising is small compared to larger budget items (repairs and maintenance cost \$40.6 million and scholarships and grants \$79 million in

⁴⁶ Lansdown (2025) ‘ANU defends \$35,000 in contracts to Julie Bishop’s former chief of staff’, *Canberra Times*, <https://www.canberratimes.com.au/story/8907467/anu-defends-35k-contracts-tied-to-bishops-former-chief-of-staff/?cs=14329>

⁴⁷ Bell (7 November 2024) ‘Australian National University’, Senate, *Official Committee Hansard*, https://www.aph.gov.au/Parliamentary_Business/Hansard/Hansard_Display?bid=committees/estimate/28536/&sid=0006

⁴⁸ Bell (7 November 2024) ‘Australian National University’, Senate, *Official Committee Hansard*, https://www.aph.gov.au/Parliamentary_Business/Hansard/Hansard_Display?bid=committees/estimate/28536/&sid=0006

⁴⁹ Bell (7 November 2024) ‘Australian National University’, Senate, *Official Committee Hansard*, https://www.aph.gov.au/Parliamentary_Business/Hansard/Hansard_Display?bid=committees/estimate/28536/&sid=0006

⁵⁰ ANU (2024) *FAQs: Renew ANU*, <https://www.anu.edu.au/news/all-news/faqs-renew-anu#:~:text=The%20University's%20projected%202024%20deficit,million%20by%201%20January%202026>

⁵¹ ANU (2025) *Policy: ANU Travel, Handbook*, p 6, https://policies.anu.edu.au/ppl/document/ANUP_000476

2023), and modest by the sector's standards, advertising expenditure in 2023 was still no less than \$5.2 million, the equivalent of 48 entry-level lecturer positions.⁵²

The university appears to have accepted that it invests too much time and money in marketing. A document prepared by the consulting firm Nous (and leaked to the *Australian Financial Review* in February 2025) appeared to suggest that the ANU should reduce its permanent marketing division by up to 50%.⁵³ Whether this would save money on advertising expenditure, as opposed to professional salary costs, has not been made clear.

In October 2024, Chancellor Bishop caused significant offence when she remarked that “many members of staff have been part of the inefficiencies that the university is now seeking to address”.⁵⁴ But these examples show that money spent on consultants, executive travel, and advertising in just a few years could have instead paid the salaries of the jobs the ANU now wants to cut, with tens of millions left over. An institution that reports \$1.85 billion in financial assets alone should not need to make roughly 600 staff redundant in order to pay its way.⁵⁵

⁵² ANU (2024) *Annual report 2023*, p 123, p 141, <https://www.anu.edu.au/about/strategic-planning/annual-report-2023>; ANU (2023) *The Australian National University Enterprise Agreement 2023-2026*, Schedule 1, Level B1 (2-Feb-2023), <https://services.anu.edu.au/human-resources/enterprise-agreement>

⁵³ Hare (2025) ‘Leaking consulting firm slide deck gives hints on ANU job cuts’, *Australian Financial Review*, <https://www.afr.com/work-and-careers/workplace/leaked-consulting-firm-slide-deck-gives-hints-on-anu-job-cuts-20250204-p5l9le>

⁵⁴ Daniel (2024) ‘ANU staff “part of inefficiencies”, chancellor Bishop says’, *Canberra Times*, <https://www.canberratimes.com.au/story/8798030/julie-bishop-defends-anu-job-cuts-amid-unis-financial-crisis/>

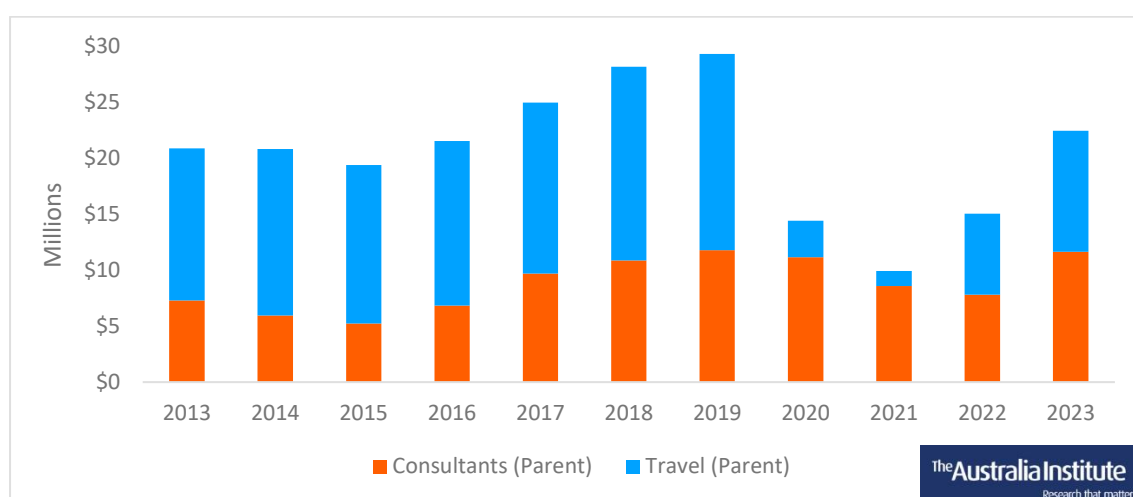
⁵⁵ ANU (2024) *Annual report 2023*, p 14, <https://www.anu.edu.au/about/strategic-planning/annual-report-2023>; Cassidy (2024) ‘A thousand Australian university jobs are at risk. Who’s to blame for the dire financial state?’ *The Guardian*, <https://www.theguardian.com/australia-news/2024/oct/26/a-thousand-australian-university-jobs-are-at-risk-whos-to-blame-for-the-dire-financial-state>

UNIVERSITY OF WOLLONGONG

In the five years before the COVID-19 pandemic, the University of Wollongong (UOW) spent between \$20 and \$30 million annually on consultants and travel combined. In 2023, following a pandemic lull in travel, these expenses resurged to more than \$22 million in total. Most staff and students had little to do with these choices but are now being asked to bear the costs.

UOW posted a deficit of \$39.1 million for 2023.⁵⁶ (This large figure does not account for the deficit incurred by UOW's subsidiary entities, which produced a larger deficit of \$95.1 million).⁵⁷ In response, UOW plans to abolish 90 full-time academic positions (for a saving of \$21 million) and has commenced consultations for "workplace changes" (which could include professional staff cuts) to save a further \$30 million.⁵⁸

Figure 5: UOW expenditure on consultants and travel for the decade to 2023.



Source: annual reports.

Spending on Consultants

In 2023 UOW spent \$11.6 million on consultants' fees. In 2015, that figure had been \$5.2 million.

⁵⁶ UOW (2024) *Annual Report 2023*, p 26, <https://www.uow.edu.au/about/annual-reports-and-financial-statements/>

⁵⁷ UOW (2024) *Annual Report 2023*, p 23, <https://www.uow.edu.au/about/annual-reports-and-financial-statements/>

⁵⁸ Fernandez and Fuller (2025) 'University of Wollongong academics slam consultation in \$21 million restructure', *ABC news*, <https://www.abc.net.au/news/2025-01-15/university-of-wollongong-confirms-21-million-in-academic-job-cut/104820778>; Long (2025) *UOW begins preliminary consultation on potential workplace change*, <https://www.uow.edu.au/media/2025/uow-begins-preliminary-consultation-on-potential-workplace-change.php>

Its 2024 annual report is not yet public, but when published, it will show consultancy spending that we know includes the fee that UOW paid consulting firm KordaMentha for advice on course and staff cuts.⁵⁹ This has been controversial because the university then appointed a KordaMentha employee as its interim Vice-Chancellor, and allowed him to remain in the firm's employ one day per fortnight.⁶⁰ UOW management disagreed with media claims that this could be perceived as a significant conflict of interest.⁶¹

Travel Spending

UOW executives have also pointed to travel, along with procurement, IT and "other discretionary expenditure" as areas for savings.⁶²

Between 2013 and 2019, UOW spent \$107 million on travel, or roughly \$15 million per year. Travel spending fell dramatically to \$1.3 million in 2021, but resurged to nearly \$10.8 million in 2023. That year's travel spending alone was equivalent to 55 professorial salaries, or 100 full-time entry-level academics under UOW's enterprise agreement.⁶³

UOW's travel and entertainment policy is accessible only to current staff, and its annual reports do not disclose the domestic and overseas travel costs encompassed under the generic "travel and entertainment" category. However, the 2023 annual report does specify that there were 806 overseas visits in 2023, of which 20.5% were for "business meetings".⁶⁴

⁵⁹ ABC Illawarra (2025) *University of Wollongong reveals plans for 91.6 academic job cuts to save \$21m*, <https://www.abc.net.au/listen/programs/illawarra-breakfast/john-dewar/104819654>

⁶⁰ Langford (2024) 'Conflict claim: V-C a partner in consultancy firm reviewing UOW operations', *Illawarra Mercury*, <https://www.illawarramercury.com.au/story/8751802/conflict-of-interest-claim-uow-v-cv-is-a-partner-in-review-firm/> Langford (2025) 'V-C continued to work for KordaMentha despite UOW saying he was on leave', *Illawarra Mercury*, <https://www.illawarramercury.com.au/story/8884023/uow-v-c-conflict-he-kept-one-day-a-fortnight-for-kordamentha/>

⁶¹ Langford (2025) 'V-C continued to work for KordaMentha despite UOW saying he was on leave', *Illawarra Mercury*, <https://www.illawarramercury.com.au/story/8884023/uow-v-c-conflict-he-kept-one-day-a-fortnight-for-kordamentha/>

⁶² Long (2025) *UOW begins preliminary consultation on potential workplace change*, <https://www.uow.edu.au/media/2025/uow-begins-preliminary-consultation-on-potential-workplace-change.php>

⁶³ Fair Work Commission Agreement AG2024/1909, University of Wollongong Enterprise Agreement 2023-26, Schedule 1, Level B 01# and Level E (8-Jul-22, without pro rata bonus), <https://www.uow.edu.au/about/enterprise-bargaining/>. Calculation excludes on-costs and leave entitlements.

⁶⁴ UOW (2024) *Annual report 2023*, p 30, <https://www.uow.edu.au/about/annual-reports-and-financial-statements/>

‘Unviable programs’

At the end of 2024, following a round of consultations, UOW finalised its change management program. Several courses and disciplines initially identified by KordaMentha as “in-scope” for abolition were spared, but four disciplines – Cultural Studies, Japanese, Mandarin and Science & Technology Studies (STS) – were deemed “unviable”.⁶⁵ Combined with other changes to course and subject offerings and new work practices, UOW hoped to save \$51 million. Vice-Chancellor and KordaMentha partner John Dewar claimed that these savings would ensure that UOW remained “competitive, innovative and committed to delivering an outstanding student experience”.⁶⁶ How those cuts achieved that goal was not explained.

The university’s assets, across its entire consolidated entity (which includes subsidiaries) is more than \$810 million.⁶⁷ If UOW had cut \$5 million from its annual travel costs and another \$5 million from its consulting expenditure in the years before the pandemic, it would have covered the costs of all of its urgent savings measures now. The teaching of important Asian languages, cultural studies and STS might still be considered “viable”.

⁶⁵ Long (2025) *Staffing and teaching changes achieve \$21m in recurrent savings*, [https://www.uow.edu.au/media/2025/final-teaching-workplace-change-plan-announced.php#:~:text=4%20disciplines%20remain%20unviable%20\(Cultural,Studies\)%20and%20will%20be%20disestablished.](https://www.uow.edu.au/media/2025/final-teaching-workplace-change-plan-announced.php#:~:text=4%20disciplines%20remain%20unviable%20(Cultural,Studies)%20and%20will%20be%20disestablished.)

⁶⁶ Long (2025) *Staffing and teaching changes achieve \$21m in recurrent savings*, [https://www.uow.edu.au/media/2025/final-teaching-workplace-change-plan-announced.php#:~:text=4%20disciplines%20remain%20unviable%20\(Cultural,Studies\)%20and%20will%20be%20disestablished.](https://www.uow.edu.au/media/2025/final-teaching-workplace-change-plan-announced.php#:~:text=4%20disciplines%20remain%20unviable%20(Cultural,Studies)%20and%20will%20be%20disestablished.)

⁶⁷ UOW (2024) *Annual report 2023*, p 56, <https://www.uow.edu.au/about/annual-reports-and-financial-statements/>

Conclusion

Great countries have great institutions. Australia's universities have previously ranked among some of the world's best. In 2016-17, ANU ranked within the world's top 50 universities according to *Times Higher Education* – but it has since fallen to 73rd place. ACU, which painstakingly clawed its way from below 600th place in 2016-17 to somewhere in the top 300 by 2021, has fallen back to less than 400th in those rankings. UOW has earned itself a place in the top 250 for the past six years, but large cuts to staff and diminished education quality may prompt falls in that figure.⁶⁸

Previous Australia Institute polling research has shown that Australians care about the quality of higher education. In 2023, five in six Australians (83 per cent) agreed that universities focus on profit at the expense of education.⁶⁹

Australians can and should expect their state and federal governments to invest more substantively in higher education and research, but university managers need to use their finances to support the quality higher education that students demand and that the public expect. The analysis above shows just how much has gone to advertising, consultants, and travel.

Even in the absence of state or federal reforms to the governance of higher education, universities could take up several measures to improve the quality and transparency of their financial decisions.

They could make consistent and itemised disclosures of their annual spending on consultants so that students, staff and the public can see what has been paid for in their name.

University finances would benefit if there were clearer expectations about travel entitlements for the highest-paid on their campuses, and caps placed on executive travel expenses to ensure fairer and equitable distribution of the funds budgeted for this purpose. Requiring universities to disclose all overseas travel costs, as is currently done in Queensland, would improve transparency.

Universities should not need to buy expensive television advertising or pay sporting teams to wear their logo purely to attract a handful of domestic students in a shrinking national

⁶⁸ All rankings are derived from Times Higher Education (2025) *World University Rankings 2025*, https://www.timeshighereducation.com/world-university-rankings/latest/world-ranking#!/length/-1/sort_by/rank/sort_order/asc/cols/scores

⁶⁹ Littleton (2023) *Public attitudes on issues in higher education*, p 26, p 23, <https://australiainstitute.org.au/report/public-attitudes-on-issues-in-higher-education/>

market. If the federal government's proposed Australian Tertiary Education Commission is to be a good "steward of Australia's tertiary education system", it must help manage student loads and demand fluctuations across the sector.⁷⁰

The budgetary decisions made by university boards might seem economic, but in practice they often allow rank and file staff and students to bear the costs of expensive executive decisions. When university leaders spend too much on advertising, consultants or indeed their own travel, the consequence is not just a budget deficit, but rather a campus where research output, teaching quality, work satisfaction and the student experience are all poorer.

The annual reports and financial statements of our universities are written in the language of modern finance. They involve categories of income and spending that are sometimes arbitrary and imprecise. They also reveal that public universities currently hold billions in assets physical and financial. Institutions that value their paper assets over their real assets, their staff and students, are institutions in need of repair.

⁷⁰ Australian Government (2024) *Establishing the Australian Tertiary Education Commission*, <https://www.education.gov.au/about-department/resources/establishing-australian-tertiary-education-commission>