

Budget 2020 – Education: Higher Education

Higher Education Overview

As in 2017, the government has chosen to institute major changes to higher education funding outside of the budget process, most notably through the Jobs Ready Package announced on 19 June 2020. The budget itself is disappointing. It ignores the particular needs of women in higher education, as staff and as students. While the 2020 budget does promise an additional \$1 billion for research, this does not adequately compensate for the revenue lost through COVID-19 restrictions, the Jobs Ready legislation and the ongoing impact of changes made in previous years.

Higher Education

The Budget

The [2020-21 Budget](#) proposes an investment of over \$1.0 billion to safeguard Australia's research sector against the impacts of the COVID-19 pandemic. New investments in university research and key research infrastructure include:

- an additional \$1 billion in 2020–21 through the Research Support Program to support universities to continue the delivery of world class research
- \$41.6 million over four years from 2020–21 to establish a Strategic University Reform Fund to bring together universities and local industries to partner on innovative reform projects
- \$20.0 million over four years from 2020–21 to establish a Centre for Augmented Reasoning at the University of Adelaide to improve the application of machine learning in Australia
- \$5.8 million in 2020–21 to undertake a scoping study of potential options to accelerate the translation and commercialisation of research, including through new partnerships between universities and industry and opportunities for investments (2020 Budget Paper No 2, p 79).

The Government will also deliver the 2020 Research Infrastructure Investment Plan (RIIP 2020) to continue implementation of the 2016 National Collaborative Research Infrastructure Strategy Roadmap. This will maintain the Government's 12-year funding envelope for national research infrastructure (NRI) and provide funding for four new NRI projects in national research priority areas.

In addition, the Government will provide \$903.5 million over four years from 2020–21 to provide more places and support for students.

JobMaker Plan — higher education — additional support for students and education providers

Payments (\$m)	2020-21	2021-22	2022-23	2023-24
Department of Education, Skills and Employment	171.2	231.0	173.3	324.9
Services Australia	4.2
Total — Payments	175.3	231.0	173.3	324.9
<i>Related receipts (\$m)</i>				
Department of Education, Skills and Employment	-3.0	4.5	1.1	1.6

The government asserts that these measures will establish new quality protections for the higher education system as it recovers from the impacts of COVID-19. The funding includes measures such as:

- creating disciplines of Professional Pathway Psychology and Professional Pathway Social Work to reduce the student contribution amounts for students studying units as part of a pathway to professional qualifications
- \$251.9 million over two years from 2020–21 for an additional 50,000 subsidised higher education short course places across a range of discipline areas
- \$298.5 million over four years from 2020–21 for an additional 12,000 Commonwealth supported places in national priority areas to further meet demand for higher education
- \$19.2 million over four years from 2020–21 (and \$45.1 million over ten years to 2029–30), including service delivery, to revise the allocation method for the \$5,000 Tertiary Access Payment and to enable universities to administer the payment to eligible outer regional, rural and remote commencing students who relocate for their studies
- \$0.4 million over four years from 2020–21 (including \$0.3 million in capital funding and \$1.2 million over 10 years to 2029–30) to ensure students maintain a reasonable completion rate and do not take on excessive study loads and Higher Education Loan Program (HELP) debt
- extending exemptions for eligible students from paying loan fees under the FEE-HELP and VET Student Loans (VSL) programs to 30 June 2021
- expanding the Tuition Protection Service from 1 January 2021 to provide services to full fee paying domestic higher education students.

The budget confirms that universities are guaranteed their original estimated funding under the Commonwealth Grant Scheme (CGS) rather than their legal entitlement, a measure first announced in April as part of the [Higher Education Relief Package](#). The government has guaranteed CGS payments from 2021 to 2023 as the universities transition to new funding arrangements as part of the Job Ready package. They will maintain CGS funding caps at or above previous years' levels from 2025 at a cost of \$238.9 million over four years from 2020–21 (\$2.0 billion over 10 years to 2029–30).

Prompted by COVID-19

Travel restrictions imposed in response to the COVID-19 pandemic have had a devastating impact on the financial position of Australian universities. According to [the Australian Bureau of Statistics](#), 143,810 international students arrived in July 2019; in 2020 fewer than 40 arrived. Australian universities depend on fees paid by international students to fund research, teaching and other projects. Almost one third of all students in Australia are international enrolments and more than 40 per cent of the sector's annual student revenue now comes from their fees.

Commonwealth funding per domestic student has not increased in real terms over the past decade; consequently, universities have sought to solve their budgetary problems by enrolling more international students and by increasing their fees. Andrew Norton estimates that in 2018, Australian universities made around \$4 billion in profits from international students by charging them 80 per cent more than their teaching costs. The higher education sector could lose around \$19 billion over the next three years. Prestigious metropolitan universities that have attracted larger numbers of international students will be severely affected, but smaller universities and universities in regional areas that have limited resources are likely to experience longer term financial damage.

Faced with a sudden drop in revenue and increased COVID-19 related costs including additional cleaning, student support and transition to on-line teaching, the universities have looked for ways to cut expenditure. To begin with, they cut discretionary spending, paused infrastructure investment and recruitment and froze wage increases. Then they began to shed contract staff and embarked on redundancy campaigns. [Universities Australia](#) has forecast 21,000 jobs will go by the end of the year. NTEU president Alison Barnes has suggested that the true figure is closer to 30,000. Thousands of permanent positions have already been cut and that number is likely to increase significantly in the near future.

Research

Forgone revenue from international student fees will have a particularly sharp impact on research. Most Australian universities have increased their research outputs substantially since 2010 and direct government spending on research has increased, but not by nearly enough to finance the huge expansion in outlays. In 2017-18, Australia invested just 1.79 per cent of GDP; the OECD average is 2.38 per cent. Consequently, the universities have used profits from student fees. In 2008, every \$100 of external research funding was being matched by about \$70 of university own-source revenue; by 2018 that figure had increased to \$103. [Larkins and Walker](#) predict that lost revenue will result in a loss of 5,100 to 6,100 research positions, or approximately 11 per cent of the current research workforce including graduate students and/or staff. Australia's Chief Scientist [Dr Alan Finkel](#), is more pessimistic, predicting job losses of 7,700 related to COVID-19 alone.

According to Larkins and Walker, the amount of discretionary funding available throughout the sector will be reduced from the current 51 per cent to less than 30 per cent of external funding for 2020 and beyond. They have identified thirteen universities as extremely vulnerable. These include the Group of 8 universities, which account for 70 per cent of the research funding and staffing shortfalls. Five others account for 18 per cent. The remaining 25 universities share just

12 per cent cent of the impact. If they are not able to find alternative sources of funding, around one third of jobs lost will be research-related.

Such losses could stall research momentum across the entire sector, damaging the national reputation and derailing careers. Early and mid-career researchers and recent graduates will be disproportionately affected due to the highly casualised and fixed-term nature of the university research workforce. Postgraduate research students work in research while earning their higher degree. They make up 57 per cent of the university workforce. Half are employed in medical research. Many international postgraduate students who cannot resume their studies in Australia and some local research students may look for positions overseas, but others may be forced to abandon plans to work in academia.

The government's response prior to the Budget

The the sharp and sudden decline in the number of international students arriving and the ensuing financial difficulties led the Minister for Education to announce a Higher Education Relief Package in April. The package offered guarantees that:

- the Commonwealth Grants Scheme and HELP funding would be maintained at current levels for the rest of 2020 regardless of enrolment targets
- performance-based funding amounts would not be altered
- new cost recovery arrangements for the Tertiary Education Quality and Standards Agency, the Australian Skills Quality Authority and for the Commonwealth Register of Institutions and Courses for Overseas Students would be deferred to 1 July 2021
- full-fee paying students would receive a six-month exemption from the loan fees associated with FEE-HELP and VET Student Loans in a bid to encourage them to continue their studies, and
- funding would be made available for short courses that would enable students to acquire a qualification leading to employment quickly.

In spite of their perilous financial position, public universities were deliberately excluded from the \$130 billion wage subsidy package designed to the economic impact of COVID-19-related restrictions. Between March 2020, when JobKeeper was announced, and May a total of six changes were made to the program to ensure that public universities remained ineligible. Plans to reduce expenditure by cutting staff led the NTEU to propose a job protection job plan which was ultimately unsuccessful.

On 19 June 2020, the Minister announced the *Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020* and published a discussion paper. The exposure draft legislation was released for consultation soon after. The government framed its arguments in terms of efficiency, economic growth and better outcomes for students, industry and the wider community. In essence, the changes are a continuation of the government's 2017 planned changes that cut funding and began the process of uncoupling funding for research and teaching.

The most obvious change is the reclassification of degrees into economically desirable, 'job-ready' courses and others. Fees for degrees deemed job-ready will decrease as the Government

increases its contribution to the cost, while fees for degrees that do not have a clear vocational objective will rise significantly while at the same time the Government contribution decreases.

Band	Discipline	Annual cost
1	Teaching, clinical psychology, English, maths, nursing, languages, agriculture	\$3,700
2	Allied health, other health, architecture, IT, creative arts, engineering, environmental studies, science	\$7,700
3	Medical, dental, veterinary science	\$11,300
4	Law & economics, management & commerce, society & culture, humanities, communications, behavioural science	\$14,500

The cost of agriculture and maths degrees will decrease by 62 per cent; teaching, nursing, clinical psychology, English and languages degrees will decrease by 46 per cent; and science, health, architecture, environmental science, IT and engineering degrees will decrease by 20 per cent. The cost of completing a humanities degree will increase by 113 per cent. Law and commerce degrees will increase by 28 per cent, but the cost of medicine, dental and veterinary science degrees will not change. Fee increases will apply to new enrolments only.

The Jobs Ready Package specified funding for [regional universities and students, and Indigenous students](#) including:

- \$159.1 million over four years from 2020-21 to provide a Tertiary Access Payment of \$5,000 to eligible school-leavers from outer regional or remote areas to assist with the cost of moving closer to their tertiary education institution
- \$145 million over four years to increase *Commonwealth Grant Scheme* funding for regional university campuses by 3.5 per cent a year
- \$17.1 million over four years from 2020-21 (including \$0.5 million in capital funding and \$13.9 million per year ongoing) to ensure all Indigenous students from regional and remote communities who meet admissions standards can gain access to a Commonwealth supported place at a higher education provider
- \$0.7 million over four years from 2020-21 to gain access to Fares Allowance so eligible students can visit their homes and families more often
- \$21 million over four years from 2020-21 (and \$79.4 million over 10 years to 2030-31) to strengthen the Regional University Centres program by establishing a central support network, evaluation program and additional centres throughout regional Australia
- \$7.1 million over four years from 2020-21 (and \$1.8 million per year ongoing) to refocus the *Higher Education Participation and Partnerships Program* (HEPPP) to provide more support to Indigenous students and students from regional and remote areas, including supporting more projects in regional areas to encourage students into higher education
- \$48.8 million over four years from 2020-21 (and \$195.4 million by 2030-31) to establish new partnerships between regional universities and other higher education providers or industry to undertake innovative research projects, and

- \$6 million over four years from 2020-21 (and \$14.7 million over 10 years to 2030-31) to appoint a dedicated Regional Education Commissioner to monitor implementation of the reforms and encourage increased participation in higher education throughout regional Australia.

Little if any of this is new money. It has been repurposed from other areas including the Higher Education Participation and Partnerships Program, teaching and learning and research.

The [government asserts](#) that its decision to manage enrolments was based on pre-pandemic modelling showing 62 per cent of employment growth in the next five years will be in health care, science and technology, education and construction and it must ensure a supply of appropriately trained graduates. He also announced an extra 39,000 university places for Australian students by 2023; however, the Job Ready package will reduce the main source of funding for teaching, the Commonwealth Grant Scheme, by \$500 million in 2022-2023 compared with the 2019 budget estimate. Total higher education expenditure will be almost \$200 million less than in the 2019 budget forecasts and in 2023-24 funding will fall by a further \$124 million.

Cuts in funding will coincide with a marked increase in the number of domestic applications, driven in part by rising unemployment. The net result is likely to be a reduction in the quality of university education, both in breadth and depth.

Gender implications

Why is this an issue for women?

This Budget does little for women overall, and even less to compensate for the cuts resulting from the Jobs Ready legislation. Australian higher education is a feminised industry that relies upon insecure forms of employment. In 2020 total employment is 57 per cent women and 43 per cent men. In 2019 the [Department of Education, Skills and Employment](#) reported that 48.4 per cent of academic staff were women. Women are concentrated at the lowest level making them especially vulnerable - 54.4 per cent of Associate Lecturers are women.

The reasons for this are a complex mix of internal policies relating to recruitment and promotion and external social factors including childcare and other family commitments (Vu and Doughney, 2007), but casual and sessional staff are usually appointed at this level. Victoria is the only state requiring universities to report the number of staff employed on a casual basis, but regardless of their location universities report numbers based on their own internal figures. There is no agreed definition of a casual academic position and it includes short-term replacement appointments, exam markers as well as teaching staff employed on a series of revolving contracts. The NTEU believes that there are 100,000 casual staff employed in higher education, but this is probably an underestimate - it is possible that there may be as many as seven or eight casual staff making up one FTE position (May, 2011).

Across all disciplines, women are over-represented in insecure modes of employment, being [1.5 times as likely to be in insecure employment](#), but the difference is most evident in science, engineering and IT. As the [NTEU](#) indicated in its submission to the Senate Finance and Public Administration References Committee 'insecure employment is not only about there being uncertainty in on-going university employment; for those employed on serial fixed term contracts there are issues around professional development and many benefits, such as receiving

additional pay for overtime or promotion or appointment at a higher level, are virtually non-existent. Furthermore, staff on fixed term contracts may not be able to access all gender equity and family leave policies, and casual staff and agency staff usually fall outside of these policies altogether’.

Universities also employ thousands of women in professional and general roles – [64.4 per cent of non-academic/professional staff are women](#). Here too, women are concentrated in lower paid administrative positions that are vulnerable to cost cutting measures. Like academic staff, they are ineligible for the JobKeeper subsidy and a substantial number will struggle to find new jobs – some may face difficulties because they lack access to affordable childcare, but older women may find that ageism excludes them from the workforce. This budget ignores the reality [of where women work and the age of women in work](#).

What are the 2020 Budget impacts on women?

The budget’s impact on women in higher education are profound. Female students will be adversely affected; female staff, including postgraduate students employed in teaching and research and non-academic staff, even more so. There is a genuine concern that budget cuts and job losses will be used to [performance manage staff or block career progression](#). Fewer jobs mean that there will be fewer opportunities for junior staff to progress in their chosen fields and those opportunities that do exist may be precarious. Women in STEM fields where men outnumber women, particularly women from diverse backgrounds are likely to face additional barriers to entry, retention, and progression.

Job losses also have [workload implications](#) for both the academic and professional or general staff who remain. Teaching only staff, who are predominantly women, are being asked to take larger classes while academic staff whose workload includes research as well as teaching have had their research capacity reduced. [Larkins and Walker](#) report that journals are already seeing that since the COVID-19 crisis began, submissions from women are underrepresented, especially articles authored solely by women.

The Budget, and the Job Ready legislation, have implications for girls and young women who are planning future careers. Funding cuts have led to the cancellation of hundreds of subjects and in some cases whole courses. In 2021, Macquarie University will discontinue the Bachelor of Mathematical Sciences and several other degree programs. The Gender Studies program will run in the 2021 year, but remains at risk of being discontinued in following years. Monash will no longer offer some subjects in musicology, theatre, business, economics, religious studies, some engineering subjects and some management subjects.

University education will be impoverished for all students, but the impact is likely to be felt more keenly by young women. Around half of the Band 4 courses, the most expensive courses, are ones that have attracted more female than male students. It is likely that many potential applicants--particularly young women from low socio-economic backgrounds, mature age women, Aboriginal and Torres Strait Islander girls and women and women with disabilities--will be faced with a choice between high levels of tuition-related debt and the subsequent effects this will have on their career choices and ability to afford a home and have children or taking Band 1 courses leading to traditional female occupations such as teaching and nursing.

Recommendations

NFAW recommends that the government:

- rescind the Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Bill 2020
- provide sufficient funding for transition and enabling programs to meet the needs of all students, not just students in rural and regional areas
- restore per capita funding through the Commonwealth Grants Scheme to a level that enables universities to provide quality teaching and end their dependency on casual staff, and
- fund research and research development to end reliance on international student fees.

References

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