

National Priorities Industry Linkage Fund (NPILF)

NTEU Response to Consultation Paper

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Introduction

The NTEU represents the industrial and professional interest of some 30,000 members working in tertiary education and research, including at Australia's public universities who will directly affected by the implementation of the NPILF.

Summary

The NTEU believes that it is important to look at the NPILF in the context of other higher education policy and funding changes contained in the government's Jobs-Ready Graduate suite of policies. Therefore, while the NTEU supports the objective of the National Priorities Industry Linkage Fund (NPILF) to increase university-industry collaboration as well the general intent and structure of the proposed funding framework outlined in the [Consultation paper](#), we do have serious concerns about the implications of the NPILF and the proposed funding framework in relation to:

- it being promoted as new public investment in higher education while the reality is that the total level of real public investment per Commonwealth supported student is declining;
- the further unbundling and re-packaging of declining levels of real public investment;
- increased direct government interference in the day-to-day operation of our public universities associated with this unbundling and re-packaging of public funding, and
- high compliance costs, with university resources being devoted to optimising institutional outcomes because of the complexity the proposed funding framework given the relatively low level of funding attached to NPILF.

Recommendation

Given the declining levels of real public investment for the education and support of Commonwealth supported students and the relatively low levels of funding attached to the scheme, NTEU does not believe that the highly complicated and costly funding framework being proposed by NPILF can be justified.

Instead of introducing a new complicated scheme that will waste valuable teaching and support resources, the NTEU is recommending that the funding attached to NPILF be distributed on a simple per Commonwealth Supported Place (CSP) basis and that the level of university engagement with industry be assessed as part of the broader performance-based funding framework.

Public investment in higher education

The NPILF is not being introduced as new stand-alone policy initiative(s) providing additional support to improve the level of university-industry collaboration and boost STEM skills amongst university graduates. The NPILF does not represent new money. It is being “funded” from the saving associated with the very significant cuts to public investment per Commonwealth Supported Place (CSP) the government has been able to achieve as a result of changes to funding arrangements that are at the heart of its Jobs-Ready Graduate policies. The very substantial savings resulting from this unfair and incoherent upheaval of CSP funding will not only be re-prioritised to fund the NPILF but will also be used to pay for:

- the Indigenous, Regional and Low SES Attainment Fund (IRLSAF),
- the reintroduction of CPI indexation of university maximum basic grants amounts (MBGAs),
- CSP growth places
- additional support for regional universities, and
- tertiary assistance payments (TAP) for regional students.

Figure 1 shows the value of total funding available to educate CSPs¹ including Commonwealth Grants Scheme (CGS), loadings and other support funding including the NPILF and IRLSAF, over the Budget forward estimates. In addition to showing the forecast nominal values contained in the Department of Education, Science and Employment 2020-21 Budget Portfolio statements (www.dese.gov.au/budget-2020-21), Figure 1 also includes NTEU estimates of:

- real value of these payments (nominal values adjusted for Treasury forecast of CPI²), and
- real values adjusted for increased CSPs places³.

While Figure 1 shows a short-term increase in funding due to the introduction of grandparenting arrangements and transition funding it is apparent that this is only a stop-gap measure with the additional funding dissipating within three years. The data shows that by 2023-24, the total value of support for CSPs in nominal terms is only expected to increase from approximately \$7.5billion in 2019-20 to \$7.8billion an increase of 4.6%.

When the value of this total funding is adjusted for forecast changes in prices (Consumer Price Index - CPI), Figure 1 shows that the real value of support for CSPs actually falls from \$7.5billion to \$7.3billion a decline of 2.4% over the forward estimates. Even more

¹ Data taken Portfolio Statements and includes funding assigned to Commonwealth Grants Scheme (CGS), Enabling, Medical and Regional Loading, HEP, Disability Support, Women in STEM, Improved Support for Regional universities, National Institutes, IRLSAF and NPILF and transition funding

² Australian Government 2020-21 Budget Paper No 1 Table 2 (https://budget.gov.au/2020-21/content/bp1/download/bp1_w.pdf)

³ Answer to Senate Inquiry into JRG Legislation Question No. IQ20-00214 and Budget Papers

importantly, when adjusted for increase in CSP load (those announced as part of the Jobs-Ready Graduate package and the additional 12,000 places announced in the budget) then the real CSP load adjusted value of these payments actually declines from \$7.5billion to \$6.4billion or by more than \$1billion- a decline of more than 14%.

Figure 1

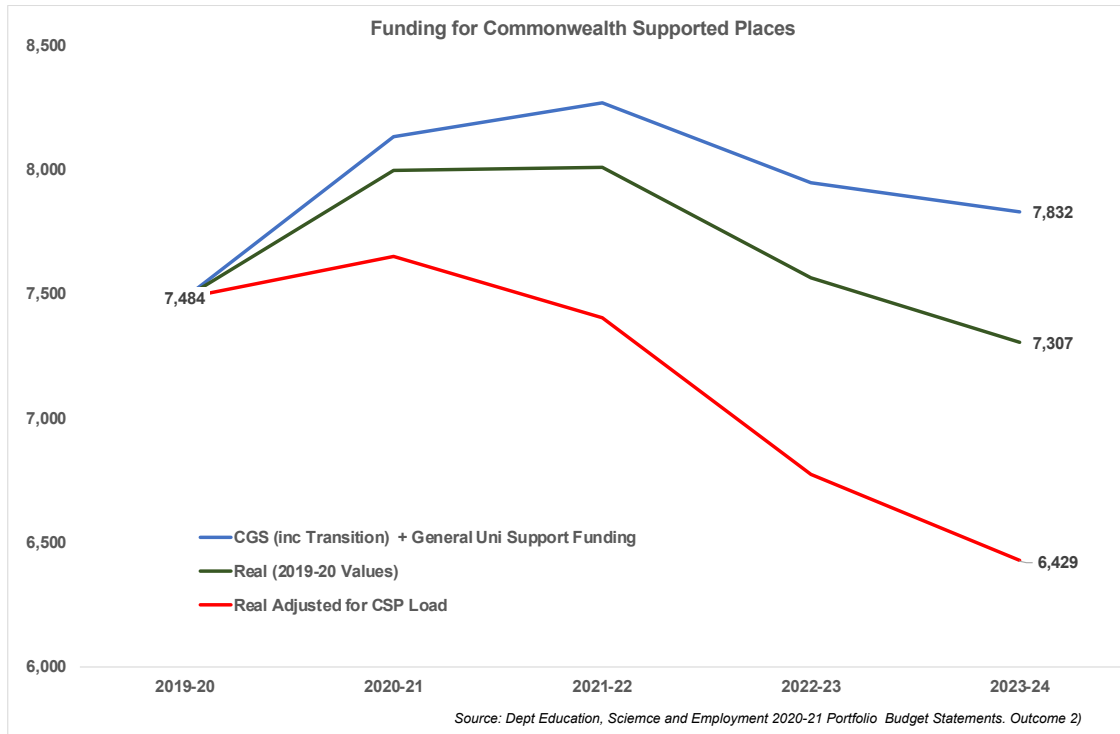


Figure 2

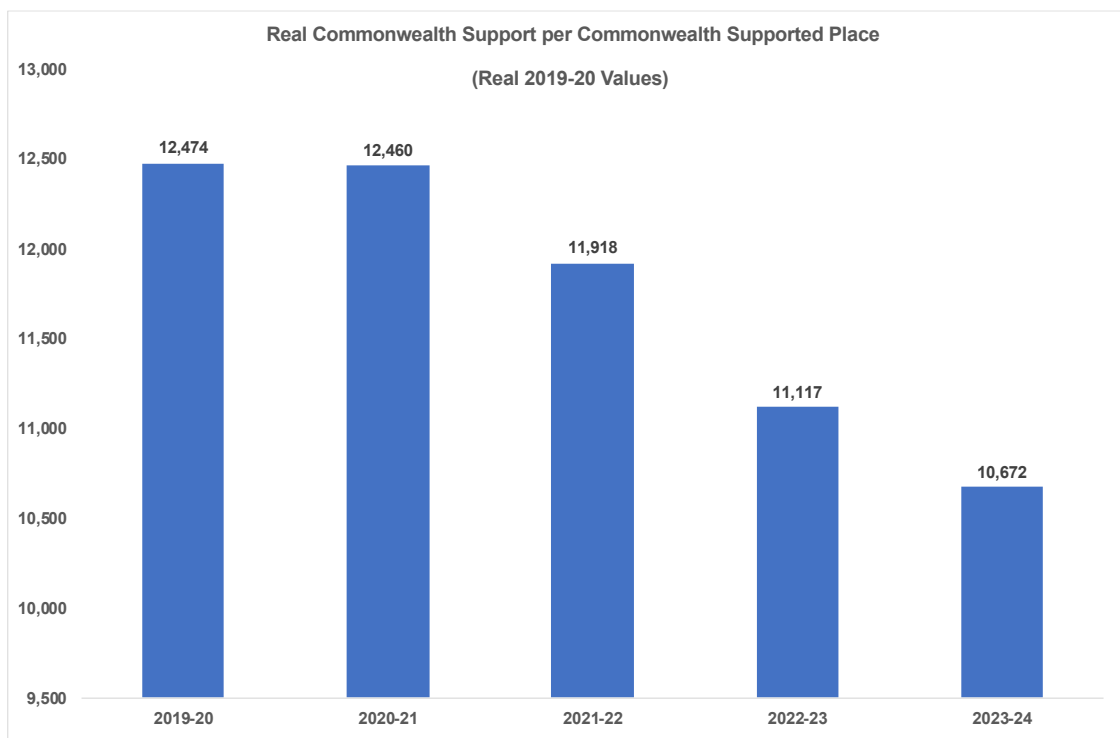


Figure 2 translates the data underlying Figure 1 into the value of real government funding per CSP. The funding changes result in a decline in public investment per CSP of approximately \$1,700 per place (14%).

NPLIF funding

According to the Department of Education, Science and Employment 2020-21 Budget Portfolio statements (www.dese.gov.au/budget-2020-21) show the government is planning to spend the following amounts on the National Priorities and Industry Linkage program (NPLIF) over the forward estimates:

- 2020-21 \$111m
- 2021-22 \$222m
- 2022-23 \$223m
- 2023-24 \$225m

When distributed between 38 public universities this amounts on an average to less than \$6m per university per year.

In 2023-24 the NPLIF will only account for 1.4% of the total of level of funding provided to universities to educate and support CSP students as shown in Figure 1. Given that in 2018 total revenue for these universities was about \$34billion, the NPLIF represents something less than 0.02% of total revenue.

Putting NPLIF in context

As the analysis above shows, the NPILF is not new or additional funding. It represents the re-prioritisation of a shrinking level of real public investment per student.

The level of funding for NPILF is very modest when looked at in terms of funding per university. It represents only 1.4% of total public investment in higher education and less than 0.02% of total university income.

This is the context in which the NTEU believes one must assess the proposed framework for the NPILF, and in particular the extent to which it:

- facilitates greater government control and interference in the day-to-day operations of our public universities,
- imposes high compliance costs and red tape on universities despite declining levels of public investment, and
- provides an incentive for universities to waste scarce resources trying to optimise the level of revenue they receive from the NPILF.

Government control and interference

The NPILF is an example of unbundling and re-packaging of existing funding streams with the very explicit aim of exerting greater government control over the way in which our universities use public funding. Another recent example was Minister Tehan's [announcement on 18 October 2020](#) to:

direct a greater proportion of the \$800 million per year in research grants provided through the Australian Research Council (ARC) to projects funded through the schemes of the Linkage Program, which funds research into areas of national priority and applies advanced knowledge to problems

As noted above the NTEU supports the objective of increasing the level of university-industry collaboration. Our support would be even stronger if this objective were to be supported by additional resourcing and giving university the capacity to exercise their autonomy and determine the best way to achieve this outcome.

The NPILF has very specific objectives with the proposed funding framework designed to achieve built around the achievement of these objectives. In order to receive NPILF funding universities will have to demonstrate that they have increased:

- the number of work-integrated learning (WIL) 'places' they offer students,
- the number of STEM graduates or graduates with demonstrable STEM skills (STEM+), and
- collaboration with industry.

These specific targets are very much part of the government's jobs-ready graduate agenda. Despite the fact that university graduates have far better labour market outcomes in terms of participation, employment, and earnings than non-graduates, it seems the government does not have faith in the sector or its students to determine what to offer or study or how to deliver that education. Based on its national priorities and a belief, despite a lack of supporting evidence, that a more vocationally or industry focused higher education will make graduates more jobs-ready, the government is prepared to directly intervene in decisions about for example, what universities should teach (STEM), and how it should be taught (WIL).

This directly undermines university autonomy and their status as truly independent world class universities.

Proposed NPILF funding framework

The proposed funding framework presented in the Consultation paper was developed by a Ministerial working group consisting of Professors Brungs (Chair from UTS), Terry (UQ), Zelinsky (Newcastle), Schmidt (ANU), Glover (WSU), Lloyd (USA), Leinonen (Murdoch) and Bartlett (Sunshine Coast).

In order to try to overcome the strictures of a very narrowly defined performance based funding framework to which the NPILF naturally lends itself, the working group has come up

with a funding framework which tries to give universities a degree of flexibility and/or autonomy has to how they meet the government's objectives.

While the NTEU is sympathetic to the underlying intention of the proposed funding framework we are very concerned about the high compliance costs that such a framework would involve, especially given the relatively low levels of funding involved.

Compliance costs

The framework is structured around the government's three objectives for the NPILF namely to increase:

- work integrated learning,
- STEM skills (STEM+), and
- University-industry collaboration.

As outlined below, under each of these objectives there are to be three sets of indicators, namely metrics (sector wide comparable data), demonstrators (university information) and innovators (university commitments/ plans). Each indicator for each objective could comprise multiple statistics, data, qualitative information and/or institution plans, some of which might be required and others optional indicators from which universities can choose.

Work Integrated Learning

- metrics (mature sector wide statistics / information)
 - multiple required
 - multiple optional
- demonstrators (university based qualitative / quantitative information)
 - multiple required
 - multiple optional
- innovators (innovative plans)
 - multiple required
 - multiple optional

STEM+

- metrics (mature sector wide statistics / information)
 - multiple required
 - multiple optional
- demonstrators (university based qualitative / quantitative information)
 - multiple required
 - multiple optional
- innovators (innovative plans)
 - multiple required
 - multiple optional

Uni-Industry Collaboration

- metrics (mature sector wide statistics / information)
 - multiple required
 - multiple optional

- demonstrators (university based qualitative / quantitative information)
 - multiple required
 - multiple optional

- innovators (innovative plans)
 - multiple required
 - multiple optional

Each year every university will be required to submit its NPILF plan. The plan will be made up of 12 indicators covering all three objectives. The plan will be approved by Departmental officials. At the conclusion of each year, the university's performance will be assessed against its plan. Subsequent annual plans need not be related to previous plans or use the same set of indicators.

Based on our understanding of the proposed framework, it is very apparent that it will consume considerable university resources in developing and submitting plans and providing data and information to demonstrate performance against these plans.

The complexity and structure of the proposed framework which requires universities to choose from a Smorgasbord of indicators seems to have been deliberately designed to give universities the scope to explore ways in which each might optimise the level of funding it receives from the scheme. In other words, the scheme seems to have been deliberately designed to be gamed by individual universities. Ironically, this might be part of its strength in that it provides universities the flexibility as to how they meet the government's objectives. However, it will add to the compliance costs associated with the NPILF.

From the NTEU's understanding the complexity and resourcing implications of the proposed funding framework may well be in the realm of the very costly ERA exercise.

Therefore, while the NTEU understands the intent of the proposed funding framework, we do not believe that its high compliance costs are justified given the relatively small levels of funding involved and the fact that the overall level of funding to educate CSPs is declining.

Recommendation and Conclusion

Given the declining levels of real public investment for the education and support of Commonwealth supported students and the relatively low levees of funding attached to the scheme, NTEU does not believe that highly complicated and costly funding framework being proposed by NPILF can be justified.

Instead of introducing a new highly complicated and costly funding mechanism which directly compromises university autonomy the NTEU is recommending that:

- NPLIF funding be distributed to universities in line with funding for CSPs, and
- indicators of industry engagement be added to the broader performance-based funding regime.

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