

## Part 1: An analysis of problems associated with the privatised university

# Critiquing neoliberalism in Australian universities

**Jeannie Rea**

**National Tertiary Education Union**

While students chanting 'No cuts, No fees, No corporate universities' may be dismissed as youthful hyperbole by some, it is not as superficial a characterisation of the state of our public university system as it seems.

*Keywords: fee deregulation, privatisation, commodification, governance, government funding, government policy*

The withdrawal of government funding and fee deregulation is the core issue for Australian higher education. It is even more stark because we have a largely government founded system. Colonial and state governments established universities, as well as teacher training and technical institutes and further education colleges. Unlike in some countries, our tertiary institutions have historically been overwhelmingly publicly funded with staff often directly on the public service payroll. Private, including for-profit, and religious institutions have been few and catered for few students. This is unlikely to change unless governments weaken the registration requirements for universities and other providers and start handing out HECS-HELP funded (Commonwealth Supported) places to private providers, as is current Turnbull Coalition Government policy. Ironically for the free market ideologues, it would be state subsidisation that would facilitate a viable private higher education sector in competition with public institutions.

Australia's level of public investment in higher education is low compared to other industrialised economies. Deregulated international and postgraduate course fees are now a critical source of income, as government grants account for only about one third of university income. In recent times, most vice chancellors did not oppose the Coalition Government's undergraduate fee deregulation policy, despite Australian undergraduate domestic

students already paying higher fees than most comparable OECD countries.

Fee deregulation compromises the integrity of our public university system, with better resourced universities able to charge higher fees. Capacity to pay rather than merit would increasingly determine access to courses and universities. The existing hierarchy of universities would be exaggerated as the wealthy filled the places at the better resourced, along with some scholarship students, while the standards and viability of other institutions would erode. No longer would a degree from any of the members of our public university system have standing locally and internationally.

Therefore, when we talk of the privatised or privatising university, it is not a discussion about private universities, it is about the process and consequences of the marketisation of public universities and the commodification of higher education learning and research.

Marketisation of our public universities is emblematic in public university vice chancellors no longer being seen as leaders of a community of scholars but re-cast as CEOs answering to university councils (which are now more akin to corporate boards of management overseeing the operation of large enterprises). Commodification is symbolised by students considered at best as clients, at worst as customers. Despite UNESCO protocols recognising our unique rights and responsibilities, as university staff we struggle to hold onto to our status

as stakeholders. Instead, we are treated as a cost of production, a variable input from which maximum productivity is extracted.

A university is not just another enterprise, and 'education' is not a commodity to be bought and sold. A university qualification requires work by the student, not just the purchase of a service in a commercial transaction.

Instead of mass higher education democratising universities by opening up access and participation, the dead hand of neo-liberalism has entrenched much that was criticised in the pre neo-liberal age during the period of massifying higher education especially in North America and Western Europe (1960-70s). In those earlier halcyon days, the new and old student cohorts joined, utilising their learning, to slam the universities for serving the military industrial complex and for being degree factories, whilst at the same time still being ivory towers reinforcing privilege, and for being the gatekeepers to access to professions and sanctioned knowledge.

In Australia, higher education also expanded during this period, but had not become the mass expectation that it is today. It should be noted that this new expectation significantly contributed to the current mass public opposition to undergraduate fee deregulation. Australian families now expect their children to be able to go to university. Today we have a much greater diversity amongst students, although not so much amongst staff, but Australian students pay more fees than they ever did, even if it is through the deferred income contingent loans scheme (HELP).

Today's more 'accessible' and 'inclusive' university is also much more likely to have a physical fence around the campus and restricted entry to buildings. The old concept of wandering in off the street to sit up the back and listen to a lecture would now be considered weird and such a person would likely be resented as a trespasser and not a paying customer. And of course, you must be registered on the learning management system to listen online! It is not surprising the idea of MOOCs (Massive Open Online Courses) is popular. From a learner's point of view, what is there not to like about listening in on academics teaching in their areas of expertise? The issues for critics of MOOCs should not be about letting more people into the 'lecture theatre', but about homogenising education and knowledge, about another form of neo-colonialism, about a model that could further undermine the academic profession, about splitting opportunities along class lines where the wealthy have access to 'full service' education and the poor resort to anonymous online providers.

Whilst treated as consumers, today's students are denied any real agency in their own education. However, if provoked they are more likely to gang up in cyber space to take down an individual lecturer, rather than physically occupy the admin building demanding more tutors, smaller classes and assessment reforms. Treating students as customers does mean that they will behave as such, but passively. Rather than protesting the woeful generic online course evaluation surveys, students just ignore them and complain on Facebook. Fortunately, however there is evidence of greater understanding amongst student activists of their common interest with university staff in the quality of their education. They have therefore supported casually employed academics seeking greater job security and industrial action over enterprise bargaining for improved conditions and job security.

### **The reality and consequences of fee deregulation**

Late in 2015 with the change in the Liberal Party parliamentary leadership, the Coalition's policy of domestic undergraduate fee deregulation - accompanied with a twenty per cent funding cut from the start of 2016 - was averted for a year. However, the policy remained intact at the time of writing, just before the 2 July 2016 election with Prime Minister Turnbull confirming that deregulation was still on the table for so-called 'flagship courses'. The NTEU's characterisation of the Coalition's policy as "\$100,000 degrees, delayed not ditched" remains unfortunately unchanged.

Whilst the NTEU maintains that education is too important to leave to the market, the horse has already bolted with \$100,000 plus degrees already being sold to international and postgraduate coursework students. Additionally, with the deregulation of public Vocational Education and Training (VET) and subsidisation of private providers, too many VET level courses are also nudging towards \$100,000.

### **International student fees**

There was a time when international students largely participated in Australian universities as guests. Most famously, they were subsidised through the Colombo Plan, which had Cold War and neo-colonial motives, but was also supported as a neighbourly gesture to the developing countries of our region. When the Whitlam Labor Government abolished all fees in 1974 that included those for overseas students. They were soon reintroduced,

as the neo-liberal ideology 'user pays' yoke started to tighten. However, at this stage the charging of fees was seen as an expenditure saver not a revenue raiser.

This all changed in the late 1990s when the Howard Coalition Government cut higher education funding and encouraged universities to pick up the slack. The Government assisted in this by also relaxing visa requirements on international students to qualify for permanent residency. To be more precise, international students were no longer neighbours, they became the new revenue stream, and now Australia's public universities are hooked on this line. The reality is that today international students are subsidising the education of domestic students as their fees are used to partially make up the funding gap.

In direct contradiction to their importance in keeping the universities afloat, the experience of international students is deteriorating. They are crammed in classes together rather than mingling with local English speaking students, lonely unless befriended by other international students or staff, uninvolved in student life, often working long underpaid hours, sometimes living in very poor conditions and constantly worrying about letting down their families. It is not at all surprising that as the pressure mounts some students are taken advantage of by those offering cheating services. As one young man recently explained on national television, it was cheaper to pay someone else to sit his exams than to fail and have to repeat. To such students, any joy of learning and achievement has evaporated; their degree is purely a commodity. Their humanity is lost as they are referred to as Australia's third biggest source of export income.

## Postgraduate coursework fees

While nowhere near as lucrative as the 'international student' market, postgraduate coursework is an increasing source of university income and again cross subsidises undergraduate education and research. Without caps on postgraduate fees massive debts can be accumulated by students borrowing through the government loan scheme. Students who undertake postgraduate coursework soon after their undergraduate degree are increasingly accumulating debts hitting \$100,000 and more.

Where they are already in the workforce, students are saving and paying upfront for these often overpriced courses. They are subjected to massive marketing campaigns as they are promised career advancement, when often this is quite pyrrhic. Students are focused on the qualification they are purchasing particularly if

required for entry or promotion, and often have little engagement with their learning, or even the quality of their course.

Before postgraduate coursework was also made tuition fee free under the Whitlam Government in 1974, there were few postgraduate diplomas or masters outside of education courses. With a contracting graduate employment market and also new areas of study and work opening up there was a flourishing of courses including, for example, in ground breaking areas like environmental, women's and Indigenous studies, as well as graduate law courses and the ubiquitous MBA. Whilst these courses were soon subject to HECS (now HELP) and then gradually deregulated altogether through the 1990s, this pattern has continued with such programs providing opportunities for education and research in newer areas, with entry privileging RPL (Recognition of Prior Learning) thus giving second chance access for the experienced but uncredentialed.

However, there are also now many such courses criticised for little rigour and little interest from the institutions except as a source of income. Casually employed academic staff, some without university teaching experience often not only teach, but also coordinate these programs. Their feedback is largely ignored and if too critical they are not employed again. Students are attracted by the status of the institution and/or to academic staff with public profiles, even though they may never even meet them. They are consciously paying for the university name on the testamur not the quality of their education.

The intellectual and pedagogical integrity of such courses must be questioned along with the ethical propriety. Increasingly less is asked of students in less time, entry criteria are largely non-existent, there is no moderation over marking. As a result universities are arguably sullyng their own 'brand' in the bid for more income. Private providers are in this market and their numbers would increase if they were handed government subsidies as is current government policy. With already diminished 'products' in many universities, private providers could readily find a niche at the expense of public universities and their students and staff.

## The crucifixion of public TAFE

Even the free marketeers are now shocked by the abuse of public subsidies by profiteers in the VET sector, as scandal after scandal has been revealed through the media and parliamentary questions and inquiries.

Thousands of people are signed up to nonsense courses so that the profiteers can grab the government funds as 'students' unknowingly also sign up to VET-FEE HELP and start incurring a debt. Others have enrolled in courses so substandard that, for example, the Victorian Government had to cancel thousands of 'qualifications' in 2015.

In a submission to a recent Senate inquiry on VET, the NTEU concluded,

The Australian experience in VET shows that deregulated tertiary education markets result in the provision of poor quality and in some cases substandard training and qualifications; forms of unethical behaviour on the part of some private providers, or their agents, driven more by the profit motive than any interest in providing education and training; state/territory governments cutting public subsidies to VET and shifting the cost on to students (NTEU Submission on VET FEE HELP Amendment Bill, 2015).

The Report of the Senate Inquiry, 'Getting your money's worth: the operation and funding of VET providers in Australia', released on 15 October 2015 found that VET FEE HELP loans in recent years have been 'wasted or milked for profit'. The National Centre for Vocational Education Research found only one in five students is likely to complete their course. A Victorian Inquiry found that 'an education leading to greater social and economic participation - the principal purpose of VET - is being undermined by commercial imperatives.' They concluded that the failed experiment in Victoria undermined the financial and educational sustainability of public Tertiary and Further Education (TAFE) because it failed to recognise 'the unique obligations of the TAFEs or the value they provide' (Quoted in NTEU submission above).

The Australian TAFE system was once envied and copied around the world as a national system that provided education and training from basic through to tertiary level for early school leavers and adults. TAFE was the site for gaining credentials for a raft of jobs across the economy at little or no cost and at sites throughout the country.

However, rather than continue to prioritise TAFE funding and deal with criticisms of poor productivity in some areas by strengthening the system, starting in Victoria Labor governments favoured the neo-liberal path of deregulation known as 'contestability.' Contestability was supposed to make public TAFE nimbler with private Registered Training Operators (RTOs) nibbling at their ankles. Anyone could set up as a RTO in Victoria and they did. The Coalition's solution was to cut funding further destroying public TAFE.

The Rudd Federal Labor Government exacerbated the problem by offering up VET FEE HELP to all RTOs with

the outcome that there are VET courses costing more than higher education courses and the onus is on the students to pay for government's failure to fund education. The average fees in 2011 were \$4,800. By 2014 they had risen almost 300 per cent to \$12,300. In 2009, 19,300 people accessed VET FEE HELP, but by 2014 this figure had risen to 203,000 (Analysis by Paul Kniest in NTEU, 2015).

Some of these are genuine courses leading to job outcomes, but many are not. Public TAFE was drained and their mission to provide vocational and further education was undermined as they could not cross subsidise to provide the expensive but needed courses. Whilst the business sector continues to bemoan the gap between what is being taught in universities and TAFE, there is no acknowledgement that the free market will absolutely not improve this as for-profit providers will offer courses in fad, not necessary, areas. In Victoria it became a joke that every second person was a 'qualified' barista and personal trainer. But more seriously, thousands of particularly poor people were (and are) undertaking courses with no job outcomes.

Whilst 'contestability' has become more contested within Labor ranks, their policy still focuses upon curbing aberrant behaviour. The policy should be abandoned before more people lose their money and their hope of bettering themselves and more public money is stolen. The Victorian Labor Government at the time of writing is considering recommendations from an inquiry to put fee caps on and review the conditions under which private providers receive any public money. (Department of Education and Training, 2015)

The experience of the crucifixion of public TAFE should be reason enough for the Coalition Government to abandon extending Commonwealth supported places and therefore HECS-HELP loans to private providers in higher education. However, while the current Minister for Education, Senator Birmingham, said he was 'somewhat scarred by the mess I've been working to clean up in the poorly regulated vocational education market', he remains committed to further government subsidised privatisation of higher education (Birmingham, 2015).

## International privatisation and commercialisation

Education union leaders from Argentina, The Philippines, South Africa and the global education union federation, - Education International (EI) - warned the 2015 NTEU National Council meeting about privatisation and commercialisation in the international context.

Whilst the experience varies amongst countries, the privatisation of public higher education is resulting in division between the tertiary education available to the rich and that available to the poor. Prestigious private and state universities are increasingly the province of the elite, while the poor have to resort to the fly-by-night privateers. This has also opened up the space for transnational private providers, such as Pearson Education, to compete with and undermine public providers, particularly as public funding declines. In the Philippines higher education funding has been cut by fifty per cent (Castro quoted in Rea, 2015, p30).

The consequence is increasingly insecure employment and the loss of academic freedom and fearless informed public commentary.

Australia is a small but valuable higher education market and there should be no doubt that transnational education services companies are very interested in gaining a foothold in the Australian education market at every level.

## Implications for staff

Australian universities are already outsourcing staffing to private companies. The outsourcing of whole sections, such as security or even ITS to private companies is spreading, but outsourcing is more pervasive than this. Universities use search companies for more senior jobs and job agencies for lower level roles, including fixed term and casual positions. Questions are rightly being asked about the 'business' and privacy risks associated with this outsourcing.

Already almost one in two university jobs are precarious. Eighty per cent of Full Time Equivalent (FTE) research-only positions are short term contracts and eighty per cent of FTE teaching-only positions are casual. As most casuals work only a few paid hours a week, tens of thousands of actual people are teaching in our universities, without much supervision and few opportunities for career advancement. As 'ongoing' jobs are vacated the replacements are casual or on fixed term contracts. External human resource companies continuously advise university managements to keep their staff on tenterhooks and to make more jobs insecure and assert management control.

The pervasiveness of neo-liberal ideology is nowhere better illustrated than in the effectiveness of the con job on university managements that they are better off having a 'flexible' workforce. Universities keep hiring and re-employing people in jobs they have claimed are short

term or even redundant. There are casual academics and general staff who have worked for the university for well over a decade and contract research staff who have gone from contract to contract for two decades. These are lives lived in the shadows, until people abandon working in universities. While many even in management despair of this situation, there is a great reluctance to openly challenge these policies and practices, which is probably not surprising given that much of middle and senior management are also on fixed term contracts.

As a result innovation in teaching and research is really, really hard because there is little continuity, academic freedom is a joke and the wicked issues are not being tackled. The public though still expect public universities to be working for the public good.

## Commercialising research

There has always been suspicion of universities accepting funds from government and private industry for research, especially in more politically sensitive and financially lucrative areas. Such collaborations, in for example the US, are notorious. With limited private sector investment in university research, in many ways Australia has had the converse problem of not finding enough external support. But there are still examples of research findings suppressed and researchers steered away from controversial investigation and particularly public commentary.

Universities have consistently argued that governments should be funding the real cost of research through the competitive grants schemes because otherwise the research is not done or universities have to cross subsidise internally. Students' fee income is constantly plundered for research. This fact is largely unknown to students, whether domestic undergraduate or full fee international or postgraduate coursework participants.

However, the government remedy has been to encourage universities to find more private capital and to commercialise their research. At the end of 2015 the Turnbull Government announced that it would not only encourage and help subsidise private investment in university research commercialisation, but that it would also privilege income over academic standing in allocating competitive research grants. As Prime Minister Malcolm Turnbull is reported to have said in December 2015, 'publish or perish will be replaced by collaborate or crumble' (Matchett, 2015). Minister for Innovation, Christopher Pyne described the 'changed arrangement for the support for research grants to universities' as the 'big ticket item' of the NISA. He explained that the Government is 'going

to abolish publications as the chief reason why you attract research grants' and explained that 'we are going to change that into research impact' (Richardson, 2015).

## Loss of democratic governance

Lacking in this political environment is courage from the vice-chancellors. Another characteristic of privatisation is the erosion of university governance, as university councils/senates privilege corporate experience over stakeholder interests and dispute staff and student representation. Council meetings have become reporting forums for management rather than an avenue for meaningful debate over institutional direction, and academic boards are now merely arenas to rehearse council reports.

While university councils need to prioritise financial stability, obsessions over 'salary savings' prevail at the expense of a secure workforce, facilitating investment in new initiatives and consolidating successful activities. Contracting out is favoured, even for commercial activities that could bring a return. The core 'business' of teaching is commercialised, particularly in preparatory courses. Seemingly often weighted towards the partners' interests, the value of commercial partnerships is nebulous at best, and can carry reputational risk. Partners and donors increasingly demand an ongoing say in the university and, with most decisions 'commercial in confidence', the university community can only guess at the rationale.

In a marketised higher education sector, universities relentlessly compete with one another, reducing decades of high level inquiry and life changing innovation to slogans like 'awesome'. Whilst managing constrained budgets and pushing courses online to cut costs, universities are making massive capital investments in edifices to attract students, staff and research investors. This competitive environment explains the obsession with international research rankings and the largely unsubstantiated presumption that these attract international students.

However, the 'digital natives' (local and international) are highly suspicious. Prospective students canvas opinions within their cohort and in trusted advisors like teachers and families. They are not necessarily influenced by flashy websites, 'analytics' and a new 'campus centre'. They are, however, likely to listen to a student complaining that every year over half of their tutors are employed casually and have little paid time for consultation.

The researcher who has been employed on half a dozen contracts in a decade will have trouble convincing her

PhD students to pursue an academic career. The esteemed professor might be attracted by the salary bonus offered, but may also be concerned over the job security of colleagues or in having a say in how his research is used.

Academic freedom is increasingly fleeting – academics are pulled off research that's not a university priority and fixed term researchers are cautious of creating waves or in following an interesting path that may yield unexpected results. Politicians call for cuts to research projects that do not fit in with their ideological blinkers and corporate and government funders want the answers they paid for.

Collegiality can be dismissed as an 'ivory tower' concept, conjuring up visions of white men guarding their class privilege. However, there is a mass higher education version of collegiality whereby staff and students across the university, the country and globally, share their knowledge and the immense resources of universities for the public good. But this is not the vision of the privatising university, where knowledge is guarded and resources fenced off for paying customers.

**Jeannie Rea is the National President of the National Tertiary Education Union, Australia. She was previously a Deputy Dean at Victoria University, Victoria, Australia and lectured in gender studies and public relations.**

**Contact: jrea@nteu.org.au**

A summary of this article, 'What is wrong with the privatising university', appeared in *Friends of the Earth's Chain Reaction* magazine, Issue 125, November 2015.

## References

- Birmingham, S. (2015). *Reviews highlight decades of higher education funding challenges*. Department of Education and Training Media Centre, 28 October. Retrieved from <https://ministers.education.gov.au/birmingham/reviews-highlight-decades-higher-education-funding-challenges>.
- Department of Education and Training Victoria. (2015). *VET Funding Response*. Retrieved from <http://www.education.vic.gov.au/about/department/Pages/vetfundingresponse.aspx?Redirect=1>.
- Matchett, S. (2015). UWA cuts controversy continues. *Campus Morning Mail*, 11 December. Retrieved from <http://campusmorningmail.com.au/503726-2/>.
- NTEU. (2015). *NTEU Submission to Senate Education and Employment Committee Inquiry on Higher Education Support Amendment (VET FEE-HELP Reform) Bill*, October. Retrieved from <http://www.nteu.org.au/article/NTEU-Submission-to-Senate-Inquiry-into-VET-FEE-HELP-18177>.
- Rea, J. (2015). Education for Sale. *Advocate*, 22 (3).
- Richardson, G. (Presenter). (2015). Interview with Christopher Pyne. In *The Ricco Program* [television broadcast]. Australia: Sky News, 9 December. Senate Education and Employment Education References.
- Committee. (2015). *Getting your money's worth: the operation and funding of Vocational Education and Training (VET) providers in Australia*, October. Retrieved from [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Education\\_and\\_Employment/vocationalead](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/vocationalead).