

# UNIVERSITY FUNDING AND ADMINISTRATION 1975-1980

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## Introduction

*This article is an updated version of a paper delivered by Mr. Byers to a FAUSA Seminar on "Universities after four years of cost-cutting" held in Sydney in February 1979.*

This paper examines the funding of universities

from the time of the rejection of the Universities Commission *Sixth Report* to the present, and shows how the total grants available to universities in that period have in fact remained **static** in real terms.

**TABLE 1**  
**Total Expenditure on Universities and Total Student Load 1973-79**

(December quarter 1977 price levels)  
Source: Tertiary Education Commission

	1973	1974	1975	1976	1977	1978	1979	1980
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Total expenditure	607.5	682.0	692.5	671.0	687.0	693.1	687.8	685.1
Student load (,000)	117.3	125.3	132.6	137.5	140.9	140.7	142.5#	142.5#

# planning figure (T.E.C. report for 1979-81 triennium, Vol. II)

The paper also draws attention to the planning confusion which has existed in universities since conventional triennial funding arrangements were abandoned in 1975, and how continually changing recommendations and financial allocations have seriously hindered long-term planning. The paper also touches on the various changes since 1975 in the area of educational administration, with the amalgamation of the federal funding Commissions to form the Tertiary Education Commission and its Councils, and the evolution of State tertiary education co-ordinating bodies.

In addition, the paper examines how the funding squeeze has affected the management of the universities, and looks at practices in universities designed to cope with the restrictions and with the confusion and uncertainty regarding the future.

All references to money amounts are, unless otherwise indicated, in real money terms at December 1977 price levels\*.

## The Sixth Report

On 19 May 1975 the Universities Commission issued its sixth triennial report, with recommendations for the funding of Australian universities in the years 1976-78. The report was a conservative one; the student enrolment load was expected to increase by 13.8% over the three years and financial support other than capital, or building expenditure was expected to increase, in real terms, by 17.8%. Both increases were less than for the previous triennium.

The *Sixth Report* was rejected by the Federal Labor government. This was the beginning of the process of cost cutting and the planning confusion which is with us to this day.

In the event, the student enrolment load grew by 11.6% but financial support other than capital expenditure grew by only 8.4%. Both figures were less than those recommended and projected, but the margin built into the *Sixth Report* recommendations for unavoidable cost increases became instead a considerable shortfall.

**TABLE 2**

	Planned 6th Report Triennium 1976-78	Actual Achievements
Financial growth other than capital monies	+17.8%	+ 8.4%
Student load	+13.8%	+11.6%
Resources available for unavoidable cost increases, and for new development	4.0%	-3.2% (shortfall)

The Sixth Report had recommended an increase in capital or building monies of about 27%, from a rate of \$93 million per annum to \$118 million per annum. In the event, capital expenditure was slashed

to one quarter of this level. The actual rate of capital expenditure during 1976-78 averaged only \$29 million per annum. In 1980 it had fallen to \$16.6 million.

**TABLE 3**  
**Capital Expenditure Average Rate Per Annum**

(December 1977 price levels)  
Source: Tertiary Education Commission

	1973-75 (actual)	1976-78 (recommended)	1976-78 (actual)
	\$m	\$m	\$m
	92.9	117.8	29.4

The 1973-75 triennium had seen substantial government initiatives in education. Those directly affecting universities were:

- the assumption by the Commonwealth of full responsibility for funding universities and colleges of advanced education
- the abolition of tertiary fees
- the creation of the TEAS scheme and assistance for students in need and
- special grants for social work/social planning, community practice, and special education.

However none of these initiatives had more than a marginal effect on university internal finances. The *Sixth Report* indicated the Commission's awareness of the political and economic climate of the time, and was thus inclined to be conservative in its recommendations. In its letter of transmittal to the Minister the Commission said:

*The Commission has taken into account the need for restraint in the current economic and financial climate. Our recommendations are designed essentially to enable the universities to maintain their continuing operations and to carry forward a number of new commitments which were made during the current triennium as a result of specific Government initiatives. We are recommending support for a limited number of new developments and improvements; apart from one initiative aimed at strengthening the research capacities of the universities*

*through a concentration of their efforts, these are directly related to the opening up of educational opportunities or the correction of specific deficiencies within universities.*

The expectations raised by the *Sixth Report*, on the basis of the Commission's independent and objective judgements, were not realised. Instead the 1973-75 triennium was terminated early, with an across-the-board suspension of building programmes removing \$10.4 million from the university sector. The 1976-78 triennium was suspended and various ad hoc measures and allocations were introduced which carried university funding on a yearly basis through to 1979.

Nevertheless the *Sixth Report* remains as the major bench mark for the analysis of the present situation of the universities. It provides the basic projections, financial recommendations and methodology (or—if the planners, in their new role, reject the previous judgements—faults in methodology) which can be compared with actual results to interpret the present position of Australian universities.

## Student Load

Universities exist for the discovery and assessment of new knowledge through research and scholarship, and for the preservation and dissemination of knowledge through education and training.

Evaluation of the situation of universities through student loads does not give a completely accurate

\* Recurrent fund amounts are in December quarter 1977 levels and capital (building) allocations are at December 1977 price levels. This accords with T.E.C. practice of indexing allocations for different years to a common base to allow comparisons to be made in real money terms.

picture, because it tends to ignore their role as centres of scholarship and for the discovery and application of new knowledge, but student load figures are nevertheless an important indicator.

The *Sixth Report* provided detailed forecasts on student numbers. In the event its methodology was correct, as far as participation rate forecasts for 1976 and 1977 were concerned, but by the end of the proposed triennium there was a shortfall in the predicted student load.

**TABLE 4**  
**Compared Participation Rates for Universities**

Projected participation rates 6th report for internal undergraduate students		Actual participation rates 1975-77 for undergraduate students and estimated 1978	
	%		%
1975	8.8		9.3
1976	9.0		9.5
1977	9.1		9.6
1978	9.2		9.7(a)
			9.6(b)

(a) Vol. I Report for 1979-81 (b) Vol. II Report for 1979-81  
(Source: Universities Commission and Tertiary Education Commission Reports)

The columns in Table 4 are not comparable as numbers (as they are derived from a different base), but are comparable as trends. The decline in projected participation which occurred in 1978, possibly arose from economic difficulties in Australia which created a reduced demand not only for entry from new students but for re-enrolments of existing students. In addition there were attempts by some universities or areas within universities to restrict student numbers in order to live within their budgetary constraints.

The decline in undergraduate participation was partly compensated for by an increase in the numbers of those seeking higher degrees. Enrolments in this area rose by 2,500, or 15%, between 1975 and 1978\*

The stabilisation of the participation rate, together with a marked shift into part-time study, caused total student load figures, which had been growing increasingly slowly, actually to decline in 1978. An increase of only 1.2% in student load was projected for 1979 compared with 1978. The demographic predictions of the *Borrie Report* tell us that the size of the successive age-groups

reaching university level will continue to decline, and that growth stemming solely from population factors will not return in the next twenty years. The participation rate—that is to say the percentage of the seventeen to twenty-two age group seeking a university education—is far more difficult to predict with certainty. The rate of participation is affected by changes in economic conditions and shifts in community attitudes and expectations, and overall student load figures are also affected by factors such as mature-age entry, the ratio between part-time and full-time study, and the proportion of students seeking higher degrees.

### Finance

The financial situation of the universities during the last four years can be analysed against the recommendations of the *Sixth Report* of the Universities Commission. The following table compares the recommendations of the *Sixth Report* with actual expenditure for the previous triennium, 1973-75, actual expenditure for the 1976-78 period, and projected expenditure for the forthcoming 1979-81 triennium.

**TABLE 5**  
**Triennium Expenditure Patterns\***  
(Source: Tertiary Education Commission)

	Triennium 1973-75	6th Report 1976-1978	Actual 1976-78	Triennium 1979-81
	\$m	\$m	\$m	\$m
Recurrent other than equipment	1650.0	2009.4	1871.3	1921.5
Equipment	72.0	88.0	70.6	#
Capital (buildings)	260.0	353.3	109.2	#
	1982.0	2450.7	2051.1	

\* December quarter 1977 cost levels for operating expenditure and December 1977 cost levels for capital expenditure.

# As the triennial plan currently approved by the government for 1979-81 excludes equipment and capital allocations, these figures are not available.

\* Higher Degree enrolments—  
1975: 16,653  
1978: 19,141  
(from TEC reports)

Table 6 shows actual expenditure for the 1976-78 period, year by year, with planned expenditure for 1979-81. The remaining details for

1980 and 1981 cannot be shown as the new "triennial arrangements" exclude funds for both capital and equipment expenditure.

**TABLE 6**  
**Yearly Expenditure Patterns#**  
(Source: Tertiary Education Commission)

	ACTUAL				PLANNED	
	1976 \$m	1977 \$m	1978 \$m	1979 \$m	1980 \$m	1981 \$m
Recurrent other than equipment	612.6	624.3	634.4*	640.5*	640.5*	640.5*
Equipment	16.6	25.6	28.4*	28.0*	28.0	?
Capital**	41.8	37.1	30.3	19.3	16.6	?
	671.0	687.0	693.1	687.8	685.1	?

# December quarter 1977 cost levels for operating expenditure and December 1977 cost levels for capital expenditure.

\* Supplemented (i.e. indexed to cost increases during the year) only in respect of salary items. Thus these allocations will decline in real terms throughout the year.

\*\* Capital monies 1978-79 reflect the transfer of \$2.25 million between 1978 and 1979.

From these two tables a number of points can be drawn. While the government claims that it has increased support for university education, the tables show that this increase is very minor. Table 5 shows expenditure for the 1973-75 triennium at \$1982 million (in December 1977 prices)—or an average of \$667 million per year. Coming forward to 1979 we see that the planned expenditure—again in terms of December 1977 prices—is \$688 million. University funding in 1979 will be only 3% higher than the average for the 1973-75 triennium. In 1973 the total student load was 117,276—in 1979 the Commission's recommendations are based on a student load of 142,500—an increase of 21.5%.

This extraordinarily static funding situation has been achieved only through the massive cuts in capital (or building) expenditure which have taken place and which have allowed, within a constant budget, shifts to compensate for the shortfall on recurrent funding.

The shortfall between the *Sixth Report's* recommendations on recurrent costs and what has actually happened has already been shown in Table 2. Whereas the Commission's plan in the *Sixth Report* would have left a margin between financial growth and student growth in the region of 4%—to cope with new developments and unavoidable cost increases not catered for by cost supplementation—the actual position is that there was a shortfall of more than 3%. And this does not take into account the effects of the abolition of cost supplementation in areas other than staff salaries from 1978 onwards.

The graphs in Figure 1 deal particularly with expenditure on capital, and capital and equipment com-

pared with the recommendations in the *Sixth Report*, the total cuts exercised within the 1976 to 1978 triennium amount to \$400 million. A further \$13 million was trimmed off university budgets in 1979 and 1980, compared with 1980.

The Tertiary Education Commission commented on the effect of the funding cuts in Vol. 2 of its *Report* for 1979-81 triennium saying:

... the cumulative effects of this continuing tightening of recurrent funds will not only erode the quality of the work both in the universities and colleges but will inhibit innovation and the capacity of institutions to adjust to changing community needs; these effects are already becoming evident.

### Planning

As a direct result of funding constraints, and particularly in the light of shifting government attitudes in the absence of a triennium, universities have experienced considerable uncertainty and a loss of confidence about future planning. Mr. K. N. Jones, Permanent Head of the Commonwealth Department of Education, in a lecture entitled "Planning in the Context of the Rolling Triennium" assessed this when he said:

The process whereby commitments are annually reviewed makes orderly forecast planning difficult... the rolling triennium imposes a strain on the processes of consultation,

and the confidence of those involved in the planning processes of institutions and authorities may be eroded. This lack of confidence and uncertainty in forward planning is detrimental to implementation of proposals for rationalisation.

The reasons for this confusion and uncertainty are plain to see when events from 1975 to 1978 are reviewed. These events may be summarised as follows:—

- In 1975, the *Sixth Report* was issued with financial recommendations and student numbers for the 1976–78 triennium. Student participation projections were included to 1990.

The report was rejected by the Labor government, which announced that 1976 would be a "one-off" year outside the normal triennial pattern. At the same time several major items of capital expenditure coming within the last six months of the 1973–75 capital programme were suspended. The Universities Commission was asked for and provided substantially trimmed-down recommendations for 1976 which, as we have seen, represented a lesser overall commitment than in the previous three years.

- In 1976 the new Liberal administration announced its funding guidelines for 1977–79, thereby once more circumscribing the task of the Universities Commission as an independent advisor on university expenditure.

The guidelines announced were a 2% increase in funds in 1977, with an instruction to the Commission to plan on a further 2% increase in 1978 and 1979. This was the beginning of the so-called "rolling triennium".

The Universities Commission produced its recommendations for 1977 which, being within the prescribed guidelines, were accepted. However it recommended that the government alter its policy to allow an increase in recurrent funding at a rate of 3½% for 1978, 1979 and 1980 together with increased allocations of capital funds. Apparently less confident than before, its report predicted student numbers only as far as 1979.

- In 1977 the government not only rejected these recommendations but also repudiated its own

previous promise by implementing the promised 2% increase in recurrent funding for 1978 via a massive cut in capital expenditure. The net result was no real increase in expenditure on universities. At the same time cost supplementation for non-salary items was abolished—representing a cut of about 1%. However the guidelines once again promised a 2% increase in year two and three of the rolling triennium.

The newly created Tertiary Education Commission issued recommendations for 1978 consistent with the guidelines and these were accordingly accepted. Its report predicted student numbers only for 1978.

- In 1978 the process of the "double-cut" started operating with the T.E.C. cutting the recommendations of its Universities Council for 1979–81 funding, and its own recommendations being further reduced by the government. The government broke its promise on the 2% growth guideline for the second time, both in respect of 1979 and 1980.

Universities lost \$15.5 million of the recommendations for 1979 between the Universities Council and the T.E.C. and a further \$13.2 million between the T.E.C. and the government. The net result, as has been pointed out previously, was that total funding in 1979 was less in real terms, than in 1975.

- In 1979 the government kept to its promise on the triennium for 1979–81 in as far as recurrent funding for 1980 was concerned, but its reductions in capital and equipment funding for universities and colleges meant, as far as universities were concerned, a further reduction of almost 14% in capital expenditure.
- The net result of the cumulative cuts is that in 1980 total expenditure per student will be 8% less, in real terms, than it was in 1975.

To complete the picture on student projections, it should be recorded that the Vol. I report of the T.E.C. contains projections for 1979–81 which reflect differences between the Council and the Commission. No projection beyond 1979 is made in Vol. II or Vol. III.

Table 7 shows how the process has worked so far for the 1979–81 triennium.

	UNIVERSITY COUNCIL EXPENDITURE PROPOSALS, VOL. I REPORT FOR 1979-81			TERTIARY EDUCATION COMMISSION'S RECOMMENDATIONS VOL. I REPORT FOR 1979-81			GOVERNMENT FUNDING ALLOCATIONS		
	1979	Millions 1980	1981	1979	Millions 1980	1981	1979	Millions 1980	1981
Recurrent	649.0	663.5	679.4	674.0	686.0	695.0	640.5	640.5	640.5
Equipment	29.5	30.3	31.1				28.0	28.0	?
Total non-capital	678.5	693.8	710.5	674.0	686.0	695.0	668.5	668.5	?
Capital	38.0	38.0	38.0	27.0	29.0	28.5	19.3	16.6	?
Total	716.5	731.8	748.5	701.0	715.0	723.5	687.8	685.1	?

December 1977 cost levels for recurrent and December 1977 for capital.

### The Role of the Tertiary Education Commission

This picture of confusion, constantly changing directives and broken promises leads us to reflect on the roles of the Tertiary Education Commission and the Universities Council. When the government formed the T.E.C., it was generally believed that it would continue in the tradition of its predecessor, the Universities Commission. As such its role would have been to advise the government on the needs of the institutions for which it was responsible—ideally without regard to anything but educational arguments—but realistically, to make objective and independent recommendations at least without undue regard for political considerations.

But since the T.E.C. has existed it has not acted in this way—indeed it has not felt itself *able* to act in this way—but has felt heavily constrained to accommodate its recommendations to what it believes will be acceptable to the government.

What are the consequences of this apparent loss of independence by the Commission? The Commission is the sole official source of national advice and expertise on tertiary education matters. As such its opinions and recommendations are relied upon not only by the Commonwealth government but by the governments and government organisations of the States, under whose legislation tertiary institutions are created; by many other educational organisations; and by the community generally. This makes it a matter of crucial importance that the Commission should feel itself able to resist external pressures and to report, at least in the first instance, based solely on educational needs and arguments.

And the pressures are very great—this was recognised by the creator of the Universities Commission, Sir Robert Menzies, who is quoted as saying, when discussing the establishment of the Universities Commission in 1958,

*You can rest assured that there will be no unnecessary delay, but I will not make an appointment until I can get a Chairman who will stand up to the Treasury.<sup>1</sup>*

The point about the Commission's lack of independence, and the circumscription of its role by the device of funding guidelines has been made by Neil Batt, the President of the Australian Labor Party. Batt says:

*the Commonwealth has . . . essentially preempted the Commission's findings. The State Ministers for Education, who have constitutional responsibility for education, have no accurate way of assessing the real needs for deciding for themselves whether or not the Commonwealth's decision was responsible and correct. If the Commission cannot say what institutions need how can outsiders make an assessment?<sup>2</sup>*

### Co-ordination

In discussing university planning for the future some consideration must be given to the educational situation within the States. The years since 1975 have seen tertiary education co-ordinating commissions or committees set up in Tasmania, Western Australia, Victoria and Queensland, and machinery preparing for their establishment in New South Wales and South Australia. The same period has seen the prolonged debate on new federalism and with it the implication of a return to shared Commonwealth/State funding of tertiary education.

These factors have contributed to the universities' uncertainty about the future and threaten to make further inroads on their traditional independence and autonomy. The roles of state co-ordinating bodies all imply, to some degree, greater control over university activities. While the Commonwealth continues to fully fund universities, the role of these bodies is likely to remain essentially advisory and subordinate to the activities of the T.E.C. and the Federal Government. What is of concern is what may happen if there is a return to shared funding, and these bodies acquire direct authority over the State portion of a tertiary education budget. If this situation should occur we could easily see the disintegration of what is now an established national university system, into a number of state systems where university priorities are dictated in parochial terms. Then will FAUSA's prediction<sup>3</sup>

come true—that the current government, with its cost cutting programme and with its policies of new federalism, will have turned the clock back twenty years.

### The financial structure of universities

In its Vol. II Report for the 1979–81 triennium, the Tertiary Education Commission says:

*The nature of university recurrent costs is such that about 50 per cent are attributable to academic salaries (including on-costs), 35 per cent to other salary costs (including on-costs), and 15 per cent to non-salary costs. The bulk of non-salary costs (about three-quarters) represents inescapable commitments (such as water, power, lighting, postage, stationery etc.); it is only the balance—that is, something less than 4 per cent of total recurrent costs—which is potentially open to adjustment in a declining enrolment situation unless staff numbers are to be affected.*

Thus university finances are largely inflexible in the short term, and this emphasises the essential need to make long term plans. Four years of cost cutting and ad hoc adjustments have served to make the situation critical, because such long term plans have not been possible in this period.

Furthermore, the restrictions in recurrent funding have brought about shifts in the composition of

university budgets, which have now reached the point where virtually no further flexibility exists.

The average university budget today comprises 85% salaries and 15% non-salary items. A large proportion of the 15%, as the Commission says, constitutes fixed costs such as cleaning, light and power, fuel, telephone, stationery, etc. Only a small proportion is left for what can be defined as "variable non-salary costs".

The "variable non-salary costs" are however of the most vital significance to universities. This is the area from which are drawn such things as internal research monies, library grants, funds for maintenance of scientific equipment and for the purchase of scientific supplies.

And yet, given the fixed nature of the remainder of the university budget, apart from a savings on salaries (which is dealt with in the next section), this vital area contains the only items on which savings can be made—it is the margin upon which all cost cuts impinge.

A case in point is the decline in support for research funding in universities. Although the decline in research funding is attributable to other factors in addition to the cost cuts to which we are addressing ourselves, the following table demonstrates the way in which available funds have shrunk—something which universities, in the current situation, are powerless to correct from within their own resources.

**TABLE 8**  
**Total Identifiable Research Expenditure at December Quarter 1977 Cost Levels Per Research Worker (a), State Universities**

(Source: T.E.C. Report for 1979–81 Triennium p. 106)

	1966	1970	1973	1976
Research Expenditure per Research Worker (a)	\$ 7,380	\$ 5,260	\$ 4,700	\$ 3,800

(a) Includes total E.F.T. academic staff, lecturer and above, and total full-time Higher Doctorate and Ph.D. enrolments.

The result of the decline in the proportion of funds available for "variable non-salary costs" is a waste of the investment that universities make in the academic staff, whose potential, particularly in the area of research, cannot be realised because supporting funds are not available. When the government forces the contraction of university budgets it looks at the total cost in terms of percentage saving. It does not have regard to the far greater percentage effect of its action in the areas where the cuts must eventually have most effect.

### Management practices

In order to survive in a future in which the likelihood of additional funding is uncertain, universities have been forced to look beyond savings in the area of variable non-salary costs. Essentially this means savings on staff costs. There are basically only two options available to reduce staff costs. One is to reduce the staff numbers; the other is to reduce the per capita cost of employing a given number of staff.

Both these devices have been used. Reduction of staff numbers is taking place in a number of universities; as staff members retire, resign or die they are not being replaced.

To quote the Vice-Chancellor of Flinders University, commenting on the T.E.C. recommendations for 1979 before the further cuts imposed by the federal government . . . "we have had to disestablish over 40 academic and non-academic positions during the last two years . . . we are now at the 'bare-bones' level which cannot be cut further". The University of Tasmania was obliged to divest itself of 40 academic positions during 1979 in order to survive.

The age structure of the academic population is such that retirement, of itself, can not be relied upon to bring about substantial reduction in numbers, even if a total policy of non-replacement is enforced. Only 17% of the academic population is over 50 years of age. A lowering of the retirement age to 55 could begin to make inroads on this situation (although not in the newer universities), but there are many substantial objections to such a drastic step—not the least of which is the cost of arrangements which would be necessary to superannuate staff five to ten years before the normal retirement age.

Resignations, too, cannot be counted upon to relieve the situation greatly. Resignations by academics moving outside the university are far fewer than five years ago; the unemployment situation has, as in other areas of the work force, reduced staff turnover substantially. Resignations by academics moving from one university position to another within Australia do not solve the problem for the system as a whole.

The second device is to make the existing number of staff positions less expensive on a per capita basis. This is currently being attempted in universities by the replacement full-time staff with part-time staff, replacing senior staff with junior staff, or by moving to the employment of staff on fixed-term contracts at a lesser cost than the equivalent cost of a tenured position. In addition, cost increases are being prevented by restricting promotions.

The employment of part-time staff in lieu of full-time staff, particularly at the Tutorial level, can only work if the staff concerned are not paid salaries commensurate with the levels paid for full-time work. This can continue to be a viable answer only until staff associations succeed in their attempts to ensure that part-time staff are not exploited in this way, a process which is currently under way. In the long term, this device will not lead to substantial savings.

Senior staff can be replaced by junior staff to a very limited extent. Any large variations in the existing proportion of staff at each level in the academic staff structure could not be achieved without a most serious effect on the nature of the work being done by universities and the quality of the education they offer.

This brings us to the question of fixed-term or contract employment as a method of saving money from the staff salaries budget. Almost all appointments at Tutor level and the majority at Senior Tutor level are already on a short-term or contract basis. The impact of any increase in such appointments falls on the levels above this in the academic structure, and mainly at the Lecturer level.

Universities are attracted to fixed-term appointments by two features—the so-called flexibility engendered by a large number of these appointments, and the cost savings possible through replacing tenured positions by fixed-term positions.

The flexibility argument is founded on the basis that, if an academic area declines in student popularity and another shows an increase in student demand, within a fairly short time period (given that most fixed-term appointments are for three years or less) staff can be retrenched in the shrinking area and resources re-allocated to the growing area. But the facts of the situation in most universities would support the establishment of fixed-term appointments on these "flexibility" grounds only in a very limited number of Departments. In no university is the uncertainty about the likely continuation of courses so widespread as to justify a policy of making all new appointments on a fixed-term basis.

What is more likely is that a general policy of making fixed-term appointments is attractive not so much on flexibility grounds but on simple financial grounds. Fixed-term appointments are cheaper than tenurable appointments and thus can contribute substantially to the decrease in staff per capita costs.

This fact has been realised by the Universities Commission and the T.E.C.—the need for an increase in fixed-term appointments has been a constant theme in its reports and the Chairman of the T.E.C., Professor Karmel, is on record as saying that universities should increase their number of contract employees to 50%. Such a policy, given that the majority of tutoring staff are already on contracts, would result in almost all new lecturers being appointed on contracts. Such a policy has recently been introduced by at least two universities, and similar policies have been introduced or are being discussed in others.

What are the cost attractions of fixed-term appointments? Fixed-term appointees in many universities are not granted superannuation—that is a 10% saving for a start. No fixed-term employee stays around long enough to qualify for long service leave, so this adds another 2–2½%. And if a fixed-term appointee is retrenched after three years, to be replaced by another appointee, the costs of incremental creep are minimised, and the question of promotion does not arise. There are also other less tangible financial savings—such as the fact that contract appointees do not qualify for study leave, are less likely to apply for research funding or for conference leave and so on. All up, it is not unreasonable to estimate that for each contract employee the university may be able to save up to 15% of salary costs.

It is interesting to note that the advantages arising from the fact that fixed-term appointees are not eligible for study leave was specifically mentioned in the Tertiary Education Commission's Final Report on Study Leave.

The other side of the coin is the question of what effect the introduction of increasing numbers of fixed-term "throw-away" academic staff has on the function of the university. A FAUSA paper<sup>4</sup> on the subject sums it up as follows:

*The Federation is concerned that proliferation of fixed-term appointments may produce a generation of academics who, through no fault of their own, cannot attain their full potential as teachers, scholars and researchers. Fixed-term academics cannot initiate and follow through long term programmes; they are unlikely to be able to do other than fit into a pre-existing research programme, contrasting with the fresh activities which can be undertaken with confidence by tenured appointees. They may not be employed long enough to develop adequately the courses for which they are responsible. They may not be able to supervise postgraduate students. They will be inhibited in their inclinations to participate in administration work, and the wide range of university committees that must be manned by the academic staff. Inevitably, they must be continually looking out for suitable academic vacancies elsewhere—indeed the problem of finding another position may lead to a reduced commitment to the present one, particularly towards the end of the fixed-term. Fixed-term appointees also face an unenviable dilemma, for research publications are likely, in many fields, to be vital to their chances of securing another appointment; but within the fixed-term their commitment to preparation and teaching is likely to severely limit time available for research. Their whole academic performance will be geared towards short-term goals and their performance, as a result, is likely to fall short of its potential.*

Another disturbing aspect of fixed-term appointments is the manner in which they tend to inhibit academic freedom. To quote from the FAUSA paper again:

*Without tenure, academics are less likely to speak out if they believe that the plans of politicians or technocrats are ill-advised; they may not speak out even within their own university or within their own discipline if they find themselves in a minority position. Independent criticism and free inquiry are easily stifled if a lack of tenure puts a premium on time-serving rather than on the excellence and independence. It is only natural that many administrators will prefer the academic who is pleasant but ineffectual to the one who is effective though critical and difficult. Yet it is precisely the difficult and critical academic who is frequently the agent of progress.*

A further strong argument against fixed-term appointments is the variation in the quality of applicants for such positions and the quality of those applying for tenured positions. Understandably, the applicants for tenurable appointments are of a higher calibre and tenurable appointments attract more applications from the international market.

We believe the proliferation of fixed-term appointments is a dangerous and improper practice and one which threatens not only academic freedom but also the high standards which universities have hitherto set themselves.

#### Conclusion

This has been only a brief examination of the financial problems facing universities, but it is clear that, if the universities continue to accept cuts in their funding allocations without facing up to the government, they will destroy themselves. They may continue to be teaching institutions but they will no longer be universities in the true sense of the word.

The alternative is to stand up to the situation and to say "enough is enough". In this context, we would refer to the words of the Vice-Chancellor of Lancaster University, Professor Charles Carter<sup>5</sup> who says "Beware of the Vice-Chancellor who says 'the UGC (i.e. Britain's equivalent to the T.E.C.) won't let us do that'—he may be using the UGC to stop something he does not like, but every time the argument is used we sacrifice some of our liberty. Freedom is kept only by exercising it".

That is what Australian universities have done in the last four years. Piece by piece, with few exceptions, liberty has been sacrificed. Rather than exercising their autonomy and ignoring advice from the Tertiary Education Commission and the government when they know it will go against their long-

term interests, universities have implemented government and Commission policy as if they were totally bound by it. They have played safe and toed the line. To quote Professor Carter once again, "I offer as a motto to hang on the walls of the new Vice-Chancellors of the 1980's—never play it safe".

The cost cuts have gone far enough—even too far—and they are eroding the strength of the universities. Those in positions of responsibility in the university system should have spoken before now to prevent the damage which is currently being done. It is not too late to turn the tide and to obtain funding levels which will allow Australian

universities to restore their fabric and maintain their international reputation.

#### References

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2. Batt, N. L. C. *Equality or Excellence: A Dilemma in the Politics of Education*. The Third National Conference of the Federation of Staff Associations of Australian Colleges of Advanced Education. (Since published.)
3. *National Times*, March, 1978.
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## FEDERATION OF AUSTRALIAN UNIVERSITY STAFF ASSOCIATIONS

### UNIVERSITY OF QUEENSLAND — REMOVAL OF CENSURE

At its Annual General Meeting in 1974 the Federation of Australian University Staff Associations imposed a Censure upon the Senate and the former Vice-Chancellor of the University of Queensland. The dispute which led to this action centred on the Federation's concern about the adequacy of procedures laid down for dismissal of tenured academic staff, and in particular the lack of any provision for the payment of the costs of staff members defending themselves against dismissal charges.

The University, after full consultation with the University of Queensland Academic Staff Association, has now implemented a Tenure Statute which in large measure overcomes the Federation's previous objections.

Accordingly, at its Annual General Meeting on 23 August 1979, the Federation resolved to lift the Censure and to publicise the fact that it no longer has any dispute with the University of Queensland.

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