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Submission to the
Senate Education and Employment Legislation Committee

Re: *Higher Education and Research Reform Bill 2014*

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Preamble

This submission is being made by the Academy of Design Australia. The Academy is a not-for-profit, private specialist provider of higher education in the art and design field, established in 1998. The Academy's Bachelor of Design Arts was developed for delivery by the Academy and is one of only two such qualifications in Australia.

The Academy is recognised nationally by TEQSA, by professional associations and by industry, and has ongoing joint projects of national import with organisations such as Virgin Australia Melbourne Fashion Week, the Goethe-Institut Australia and AGIdeas International Design Week.

The Academy's international reputation is underpinned by an active exchange program with high-profile affiliated art and design institutions in Europe and by its position as one of five Australian members of Cumulus, the International Association of Universities and Colleges of Art, Design and Media – the first Australian private provider to be granted membership.

Academy alumni include members of some of the nation's leading creative studios, Oscar-winning multimedia designers, buyers for leading fashion houses, arts administrators and represented artists.

Response to the Bill

The Academy of Design Australia welcomes the opportunity to contribute to the ongoing discussion and debate around the Government's higher education funding policy. Due to time constraints, this submission will simply outline issues of particular significance to the Academy. We would be happy to expand upon these issues if further opportunities become available.

An Underlying, Undisputed Principle of Equity

The Academy notes a fundamental tension in current debates between the principle of equity and the pragmatics of how it might best be achieved. There seems to be broad agreement about the desirability of supporting participation in higher education and ensuring that prospective students are not prevented from participating because of their background. This makes sense not only from an ethical point of view but also as a necessary investment in Australia's future, given the increasing importance of the 'knowledge economy'.

For this reason, the Academy applauds recent amendments to the Government's higher education bill that support equitable participation, including changes to the proposed indexation of student debts and measures to protect access to higher education by students from disadvantaged backgrounds.

Extending Commonwealth Support – a logical and urgent conclusion

On the same principle of equity the Academy also supports the proposed extension of Commonwealth support to undergraduate students irrespective of their choice of higher education provider, including students enrolled in sub-bachelor courses. This view is supported by Universities Australia and, most significantly, by the Group of Eight Universities. This is vital to address the most striking current inequity whereby a considerable cohort of undergraduate students enrolled at TAFEs, some universities and all private providers are not only denied the financial assistance enjoyed by their peers at public universities but are also charged an additional administration fee to access the Government's HELP loan scheme.



This inequity is particularly stark in light of the recent uncapping of undergraduate places at public universities – the primary reason for the funding debate discussed below – and by the acknowledgement by universities themselves that the distinction between ‘public’ and ‘private’ higher education institutions is no longer useful or even tenable.¹

Attachment 1 gives examples of inconsistencies created by the outmoded public-vs-private model.

Attachment 2 presents a former vice-chancellor’s view in support of proper recognition of private higher education institutions that provide a unique, high quality service.

Also worth remembering is that the need to extend Commonwealth support beyond public universities has been recognised since the 2008 Review of Australian Higher Education (the Bradley Review), and the underpinning national regulatory system has been in place since 2011. This final element of the Bradley recommendations, to “ensure that Australia remains competitive in the provision of higher education compared with other countries”,² has been unreasonably delayed and is long overdue.

To delay this further is to risk compounding structural deformities within the higher education system as a whole. As the 2014 Report of the Review of the Demand Driven Funding System (the Kemp-Norton Report) confirmed, “the demand driven system could be a stronger driver of higher education innovation and diversity. Inclusion of private higher education providers and TAFEs within the demand driven system in their own right would give greater scope for new models of higher education delivery, and create more competition with the public universities.”³

The Pragmatics and Politics of Funding

As previously noted, however, the basic principle of equity continues to be overshadowed by more pragmatic concerns – in particular, how to fund the marked increase in higher education participation. The Academy notes that the solution proposed by the Government, involving a decrease in individual student subsidies combined with full deregulation of undergraduate student fees, is not inherently linked to the equity measures outlined above.

The Academy is aware of persuasive arguments in favour of deregulation made by a range of peak bodies and other stakeholders. These arguments may well represent the most realistic alternative. But the Academy questions whether the case for this approach has yet been adequately demonstrated. Indeed the debate appears to have become dominated by entrenched ideological positions on both sides.

It is often overlooked that many of the problems facing the vocational education and training sector today stem from the Rudd Labor Government’s deregulation of enrolments in universities from 2013 resulting in the voracious marketing drive that produced massive enrolment increases at the expense of TAFE colleges.⁴ The effects on quality and completion rates in universities have yet to be measured.

¹ <https://go8.edu.au/publication/private-higher-education-providers-australia>

² <http://vital.new.voced.edu.au/vital/access/services/Download/ngv:32134/SOURCE2> Recommendations 25 and 29

³ http://docs.education.gov.au/system/files/doc/other/review_of_the_demand_driven_funding_system_report_for_the_website.pdf p.x

⁴ For example, during the period 2006-13 – from just before the announced uncapping of public university places to the year after places were uncapped – the average national growth in university enrolments was an extraordinary 27%. Among lower ranked universities the growth was even greater: for example, Australian Catholic University grew enrolments by 84%



Possible Solutions

We would respectfully encourage the nation's decision makers to differentiate between those aspects of the current higher education reform debate that are urgently required and should be supported on the basis of equity and system integrity, and those aspects related to the enabling mechanisms, which remain contentious and might admit of various solutions, including:

- full deregulation of fees
- deregulation of fees via a mechanism incorporating external oversight
- an increase in the cap on student contributions
- the imposition of a cap on student borrowing
- an increase in Commonwealth funding, and in particular, funding for research and innovation
- the regulation of cross-subsidisation so that funds intended for teaching are not diverted to research and other uses.

Some of the above options are mutually exclusive; others might be implemented in a complementary manner. There is also the possibility of employing some of the above options by way of an interim solution or a staged transition to others. Given the polarisation that has emerged around this issue, it is hard to imagine it will be resolved without protracted negotiations.

In that eventuality it will be all the more vital for policy makers to distinguish clearly between:

- measures that reflect the key principles of **equity and diversity** (the necessary extension of Commonwealth supported places to all higher education students), and
- those measures related to particular models for ensuring the **sustainability and innovativeness** of the system as a whole.

Attachments

Attachment 1: "Blurred Boundaries and Anomalies in Higher Education"

Attachment 2: Prof. Daryl Le Grew, "Ending the Public : Private Divide in Higher Education"

BLURRED BOUNDARIES AND ANOMALIES IN HIGHER EDUCATION

Key point:

The rhetorical division between not-for-profit public universities and for-profit private institutions is simplistic. It does not represent the actual state of higher education in Australia today, and merely perpetuates the current inequities faced by private providers whose mission aligns with the public good and with their students.

1 Anomalies in HEP Institutional Relationships

• Pathways Contracts Between Universities and Private Colleges

The three main private, for-profit providers operate pathway colleges offering foundation programs and first year university courses for many of Australia's public sector universities.

In many cases these for-profit pathways colleges operate on the main campus of the university, taking advantage of both the university 'brand' and its publically funded infrastructure. There is evidence that these colleges are successful in assisting students with lower ATARs and/or poor English skills.

More importantly, from a university perspective, such arrangements allow the universities to remain at arm's length from so-called 'high risk' student cohorts whilst still ultimately reaping lucrative benefits from international fees and taking credit for supporting low-SES students.

• For-Profit Subsidiaries of Universities

Other public universities operate their own, explicitly for-profit education subsidiaries.

• Commercial Agreements

At least one university has partnered with a commercial operator (previously the owner of the private, for-profit HE organisation) to establish its 'virtual campus'.

• University Consortia

Open Universities Australia, one of the fastest growing for-profit providers of higher education, is owned by a consortium of 7 public universities.

2 Other Inconsistencies

• Gaming of CSP Funding System

Even within public sector institutions, deals are done contrary to the spirit of the established funding arrangements. For instance, one university successfully lobbied to use its uncapped status in partnership with several TAFE colleges, funneling Commonwealth funding to institutions that would not otherwise have been allowed access to it. (The proposal was initially vetoed by the then Minister of Education, but the veto was overturned when a new Minister was appointed.) While we sympathise with the difficulties TAFEs are facing, such gaming of the system should not be encouraged.

• Curious Categorisations

Two universities are essentially the same not-for-profit universities, but one is classified as Table A (and therefore receives Commonwealth funding) and the other is Table B, meaning they're funded differently.

Technically, The Table A university does not meet the requirements of a public university as it does not have government representatives on its governing body.

Another private, not-for-profit university; which must reinvest any surplus it generates back into its program development in the same way that public universities operate, still cannot access Commonwealth support for its students.

3 Other Issues

- **Disability Discrimination Act:**

Australian non-university higher education institutions are currently locked out of accessing funding for students with disability, but remain obliged to meet higher education standards and comply with the Disability Discrimination Act.

- **Teaching & Learning Grants**

Projects in growth areas such as distance and online learning have been funded through the Australian Teaching and Learning Grant scheme administered by the Office for Learning and Teaching (OLT).

However, despite their recognised ability to drive innovation, private providers (both for-profit and not-for-profit) are constrained from contributing to these projects as, like most grants for higher education, generally only public universities are eligible for OLT funding.

ENDING THE PUBLIC:PRIVATE DIVIDE IN HIGHER EDUCATION

Private universities, not-for-profit private higher education colleges, as well as for-profit providers are now part and parcel of the higher education reality. These are not the 'shonky' private training outfits rightly criticised in the media, but established institutions, respected by their students and well represented by their professional associations.

These institutions are often populated by faculty of academic and professional colleagues, many of whom have moved from the public universities to explore education in ways that make better sense to them and that genuinely stretch their imagination. These faculty are complemented by non-orthodox, but highly inventive, scholarly practitioners, deeply engaged both in the praxis and theory of their disciplines.

An increasing number of high potential students are seeking places in private institutions that better gel with their aspirations. Any student, having earned access to a Commonwealth Subsidised Place, a CSP, should have a choice of where to study, including with an accredited and approved private provider. The subsidy is, in effect, a voucher that a student can take to a university of his or her choice, so why not to an approved private provider?

After all, the quality gap between the best of the higher education private providers and their university counterparts has closed in recent years across a range of disciplines. It is more often the private institutions that will accept and develop the newer disciplines, especially those that the universities see as liminal and avant garde. The private institutions often set the scene and up the pace in these disciplines, long before the universities realise their value. The exciting end of the private spectrum is, in many respects, the cutting edge of the sector, exploring new curricula, new ways of teaching and learning, defining different research models, streamlining services and using resources more efficiently to maximize value to students, faculty and the community. The private providers have a justifiable claim on public subsidy, given that much of this innovation is in the public interest and is passed generally into the sector to the benefit of all.

Consolidation and clustering of private colleges is producing much larger and more multi-faceted private institutions linked to global campus systems and virtual networks across the developed and developing world. Several of these new players have already achieved university status and others are waiting in the wings. The intriguing and dynamic smaller private institutions are more highly specialized and focused, challenging the universities, discipline by discipline, often at the elite end of the higher education spectrum. Large and small, these institutions are competing with the public universities for high potential students, industry and business placements, government recognition, community and collegial regard and philanthropic support. And they are succeeding.

It is time for the national policy and public funding to properly value what the best of the private higher education institutions offer - alternative pathways to degrees, more edgy thinking about higher education, better preparation of graduates for new industries, greater camaraderie and dedication to students as young colleagues.

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Submission to the Senate Education and Employment Legislative Committee

Attachment 2

At last government is moving in this direction, recognising that there is a measure of public good in what the private institutions offer and moving a measure of funding support in their direction. To their credit it is the top ranked universities and their Vice Chancellors who see the value in private sector competitors and collaborators, and who appreciate the new and challenging balance in the sector. University leaders of this ilk will actively collaborate with their private cousins because they see public private partnerships as widening the scope of higher education, to mutual advantage. Those Vice Chancellors left in the wake of this movement can bluster all they like, but the die is cast.

These detractors complain that, unlike the universities, the private institutions somehow have carte blanche to do as they wish. Wrong again. They are just as tightly regulated by TEQSA, the national regulator, as the universities. And by ASIC, et.al, given their corporate structure. Good governance and management is equally vital across the sector and the private institutions have all the equivalent institutional and academic governance bodies and other accoutrements of quality assurance.

The profit motive is often used against the private institutions. But not all are so driven. Some, as companies limited by guarantee are, by definition, not-for-profit. Their boards, leaders and faculty are motivated by the same ethos and standards as their university counterparts.

Similar things may be said of the for-profit institutions who maintain a front edge of innovation, balanced with caution, precisely because they value their brand and the reputation that underpins it. Of course they turn a profit and they may declare a dividend to their shareholders. But that's not vastly different from government expectation of a surplus from universities. And how long will it be before that surplus fuels a dividend back to government, the ultimate shareholder!

Rather than berating the private providers, a substantial number of universities are actively collaborating with their private colleagues, in their own best interests and in the interests of the whole sector succeeding.

Even in the context of the current debate over education reforms in the national parliament, cross bench Senators have been heard to say that it's high time universities and their private equivalents sorted out their differences and came singing from the same psalm sheet. Presumably the Senators would rather see this than the queues of Vice Chancellors waiting outside their offices to make their individual pleadings!

Daryl Le Grew

President

Academy of Design Australia Senate

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