## CHAPTER 1

## INTRODUCTION

The Australian university system is at the intersection of two areas of national crisis – research and education. Australia's deteriorating research performance is widely seen as a factor in the recent weakness of the currency. Equally significantly for our long-term economic performance and social values, our education system is under severe stress and is failing to deliver the enhanced education needed for modern economy.

Although the causes of this crisis are complex, the most important single factor is poor government policy. Not only have governments reduced expenditure on education relative to GDP when a rational assessment of our economic needs would dictate higher expenditure, but the diminished resources available to the system have been, to a significant extent, dissipated in the pursuit of ideological agendas and managerial fads.<sup>1</sup>

## **Conduct of the inquiry**

- 1.1 On 12 October 2000, the Committee was asked by the Senate to inquire into the capacity of public institutions to meet Australia's higher education needs (the 'higher education inquiry') and to report by the end of the first sitting week in August 2001. The Committee sought and received an extension of time to report on 20 September 2001, and then subsequently 27 September 2001.
- 1.2 The Committee received 364 submissions from a broad range of individuals and organisations, including 32 confidential submissions. Not surprisingly, university staff and students, and their associations, were well represented and many had clearly invested significant resources and expertise in their submissions. Submissions were also received from a number of Commonwealth Government agencies and state and territory Governments. There were comparatively few submissions from the private sector, with the notable exception of business associations in Tasmania, Western Australia and South Australia and organisations such as the Australian Information Industry Association, and other companies concerned with the provision of educational services. Professional associations, including those representing engineers, accountants and mathematicians were well represented.
- 1.3 The Committee held 14 public hearings, visiting the capital cities of all States and Territories and two regional cities (Newcastle and Townsville) as well as the town of Batchelor in the Northern Territory. It heard 219 witnesses and collected 1353 pages of evidence for the Hansard record. The Committee also held one *in camera* hearing.

Submission 49, Professor John Quiggin, p. 3

- 1.4 Hearings were held at four higher education institutions the University of Tasmania, the University of the Northern Territory, James Cook University, and the Lilydale campus of Swinburne University of Technology providing the Committee with an opportunity to meet briefly, on a more informal basis, with a number of university administrators and academic staff. The Committee also met with a number of the staff and students at the Batchelor Institute of Indigenous Education in the Northern Territory and had the opportunity to learn more about the circumstances and issues facing the institute and its staff and students. The Committee wishes to record its appreciation for the assistance and insights provided by the Batchelor Institute and the universities concerned during the course of its visits.
- 1.5 The Committee also wishes to thank all those who made submissions to the inquiry and appeared before it. It recognises that the issues raised during the course of the inquiry have been controversial and that university managers, as well as staff and students, raising problems with the management and funding of the sector or their own institutions, risked being characterised as disaffected, dissident or even incompetent. It is grateful that so many did not take the easy choice of standing at the sidelines, and enriched the debate through their participation.

# Object of the inquiry

1.6 The inquiry was established in response to mounting concerns within the higher education sector about the damaging effect of changes to policy and financial settings over the past five years in particular. These changes, including the significant reduction in universities' operating grants and a retreat from government planning and responsibility for the higher education sector, were introduced without the benefit of formal public consultation and debate. Many within and outside the sector are concerned that, as result of these changes, universities have been transformed from institutions focused on the pursuit and dissemination of knowledge, and forming an important part of Australia's framework of democratic institutions, into 'enterprise' organisations primarily concerned with meeting short-term market needs for vocational education and research and, above all, their own continued financial survival.

#### 1.7 Particular areas of concern included:

- the effect of reductions to the forward estimates of universities' operating grants from 1997, the decision to limit funding for salary increases negotiated under Enterprise Bargaining Arrangements and the Government's policy of replacing government funding with private, or 'earned' income for universities' capacity to provide high quality teaching and research in a broad range of disciplines;
- the effect on participation in higher education and student debt levels of the changes to HECS charges and repayment arrangements introduced in 1996;
- the effect of changes to income support arrangements introduced in 1996 and subsequent years on participation levels and patterns, the welfare of students and their capacity to benefit from higher education;

- the effect of changes to funding arrangements on the quality and diversity of research and teaching, including evidence of a decline in enrolments in some areas of postgraduate coursework and more recently in applications for undergraduate courses, and reductions in course offerings in core areas such as the humanities and some of the basic sciences and mathematics, in favour of narrow, more vocational offerings, as well as perceptions of a decline in the quality of education and assessment standards;
- changes to universities' governance and management practices, associated with the rise of the 'enterprise university', including a shift to a corporate style of governance and management in place of more consultative, collegial approaches, a reduction in transparency and accountability and challenges to academic freedom and traditional concepts of good governance; and
- the increase in universities' commercial operations, including the privatisation of
  university assets developed through decades of public subsidy, and a number of
  highly speculative ventures designed to provide universities with significant
  private income streams but more commonly associated with financial losses and
  questionable management practices.
- 1.8 These concerns are reflected in the Terms of Reference outlined at the end of this chapter.
- Allegations raised in the media of 'soft' or preferential marking of fee-paying students, also provided an important backdrop to the inquiry. The concerns underlying the allegations, that universities had become overly dependent on their 'earned income' from international and domestic students, and that this dependence was manifest in preferential entry requirements and assessment standards for international students, were also raised in a survey of university social scientists undertaken by The Australia Institute. The allegations, and universities' responses to them, highlighted tensions within universities, particularly between managers and academics, over the commercialisation of higher education. They also brought to light an important weakness of the Government's new quality assurance agency for universities, the Australian Universities Quality Agency, that is, the absence of a formal complaints mechanism.
- 1.10 Concern about the proliferation of more speculative commercial ventures and the poor performance of a number of universities' commercial arms, was also a catalyst for the inquiry. State Auditors-General had identified a number of serious accountability and probity concerns in relation to some initiatives, particularly those involving transfers of public assets to private operations.
- 1.11 Another important backdrop was the leaked 1999 cabinet submission from the Minister for Education, Training and Youth Affairs, the Hon. Dr David Kemp MP, highlighting the serious funding problems facing universities, and recommending the introduction of a voucher system for funding higher education. The Government has publicly declared that it will not introduce a voucher system or a number of other changes recommended in the submission. However its failure to address the funding

shortfalls identified in that submission, its continued emphasis on the autonomy of universities rather than its role in promoting and supporting the sector, and its clear preference for the private sector - and students in particular - to bear an increasing proportion of the costs of higher education, have led many to question the nature and direction of its longer term plans for the sector. These concerns have been re-inforced by recent statements by officials of the Department of Education, Training and Youth Affairs (DETYA), which have made it clear that the policy of the current Government is to refuse to contemplate any increase in the public funding for higher education.

## Issues arising during the course of the inquiry

- 1.12 During the course of the inquiry, concerns were raised by Government members of the Committee that the conduct of the inquiry, and in particular the Committee's pursuit of allegations of preferential marking of students and deteriorating conditions in universities, as well as some problematic aspects of universities' commercial operations, were undermining the international reputation of Australia's public universities. This argument was also ventilated in the media. Some concerns were also expressed to the Committee about the release of a number of submissions that made 'adverse comments' about individuals within universities or university managements. Concerns were expressed about the implications of this public debate for Australia's valuable export industry in higher education. The implication was that the pursuit of certain allegations or examination of certain issues was inappropriate at best and mischievous or malicious at worst.
- Tensions reached a high point in the context of the evidence presented to the 1.13 Committee by Professor Ian Chubb, Vice-Chancellor of the Australian National University and the President of the Australian Vice-Chancellors' Committee. In response to questions from the Committee, Professor Chubb conceded at the Sydney hearing on 17 July 2001 that the sector was in crisis. In an unprecedented move, the Minister for Education, Training and Youth Affairs, the Hon. Dr David Kemp MP, wrote to Professor Chubb with a copy to all vice-chancellors, expressing his 'serious concern' about Professor Chubb's evidence, challenging much of his evidence and arguing that it presented a 'misleading and damaging characterisation of the sector' which had 'the very real potential to damage the standing of Australian universities both domestically and internationally.' The tone of the letter was intimidatory and, the Committee believes, completely inappropriate. It was also, unfortunately, in keeping with the Government's approach of dealing with the real issues and problems facing the higher education sector not by acknowledging and addressing the problems, but by censuring criticism and dissenting voices, and using the selective presentation of information to suggest that problems do not exist. See Appendix 5 for copies of the correspondence.
- 1.14 The Committee notes that Professor Chubb subsequently provided a detailed and damning response to Dr Kemp's claims that the sector could not be in crisis because indicators of revenue and quality showed improvements over time and a competitive international standing. Professor Chubb's response cited increases in student-staff ratios of almost 30 per cent since 1995; difficulties in recruiting staff;

'alarming and recent' declines in the number of academic staff in key areas such as chemistry, physics and mathematics; erosion of basic infrastructure; poorer library holdings, a decline in the purchasing power of grants since 1996; increasing casualisation of the workforce with profound implications for the quality of the educational environment; and a worsening position in terms of international comparators. The response also refuted claims that Australia's combined public and private investment in tertiary education is higher than the OECD average, by demonstrating that Australia's expenditure is below the OECD average and that Australia has the fourth highest proportion of private investment in higher education among OECD countries. Finally Professor Chubb also provided some clarification of the claims that the satisfaction of graduates with their courses is a at record levels, demonstrating that the overall satisfaction rating is 67 per cent rather than 91 per cent.

- 1.15 The Committee deplores the Government's attempt to stifle debate and criticism on this serious issue. It also completely rejects any proposal that its investigation of allegations into specific instances of compromised assessment procedures, deteriorating conditions in universities, questionable management practices and speculative commercial activities are inappropriate and inconsistent with the national interest.
- 1.16 The capacity to inquire freely into issues of concern to the public is an important feature of our parliamentary system and democratic framework. The Parliament and the public would be well aware that it is often only in the context of a parliamentary inquiry, and with the protection of parliamentary privilege, that serious problems of policy or administration can be brought to light. Anyone familiar with our history, including our recent corporate history, will be well aware that early identification of problems is far preferable to the alternative of secrecy and suppression, dealing with problems behind closed doors, or perhaps pretending that they do not exist.
- 1.17 While the Government's main concern seems to be with managing perceptions about the quality of our public universities, the Committee believes that the only way to maintain our international reputation is to address the very real problems facing universities, including a decline in the quality of the educational experience. It is the declining quality of the teaching and learning environment, and the pressure for declining standards, that present the greatest risk to our international reputation and the future of the education export industry. Is there any reason to believe that international students, frequently paying large sums for their education, will be less concerned than their fellow Australian students about increasing class sizes, decreasing class contact hours, reduced course content, overcrowded classes and deteriorating facilities? While the declining value of the Australian dollar in recent years has helped to counterbalance the effect of declining quality, we cannot rely on this as a longer term solution. To sustain our international education market and the international standing of Australia's graduates and research base in the longer term we need to restore quality to higher education.

### Adverse comment

- 1.18 From the outset the Committee, including Government members, took the view that it would not be consistent with the purpose of the inquiry for it to censor or suppress submissions or witnesses that raised allegations or made 'adverse comments' (within the meaning of Senate resolutions) about the behaviour or competence of individuals or universities. In accordance with Senate privileges resolutions, those adversely named in submissions were provided with an opportunity to respond and their responses have been given the same distribution as the submissions in question.
- 1.19 Submissions and witnesses raising adverse comments provided the Committee with some valuable insights into some of the current tensions and fault lines within universities and areas where there was scope for improvement in processes and practices. This insight is particularly valuable because, as one witness to the inquiry advised:

There is certainly a culture [within universities] in that it is quite difficult to come forward with complaints of that nature [that is, soft marking and basically academics do not do it. <sup>2</sup>

#### Main themes

- 1.20 Evidence taken by the Committee during the course of the inquiry brought to light many of the issues and concerns that were the subject of the inquiry. Student representatives, professional associations, common interest groupings within the sector as well as vice-chancellors and individual academics provided telling and vivid examples of the current circumstances facing universities.
- 1.21 Funding and the effect of the current funding arrangements on universities, including the level and mix of public, private and student contributions was the common thread running through the Committee's deliberations. There was almost unanimous agreement that current levels of government funding are inadequate to sustain the quality and diversity of core teaching and research functions. There was also concern, from almost all quarters, including professional associations such as CPA Australia<sup>3</sup>, that an increasing reliance on private sources of income to meet *basic operating costs*, in response to both funding shortfalls and government policy settings, had generated additional risks.
- 1.22 There was also widespread concern from academics and students about the effect of the advent of the 'entrepreneurial university' and the development of a culture and ethos of managerialism. The overwhelming commercial imperative for universities to protect their reputation and capacity to earn income was said to have led to a deterioration in the intellectual climate, academic freedom and morale and the

<sup>2</sup> Mr James Taylor (Sydney University Postgraduate Representative Association), *Hansard*, Sydney, 18 July, p. 1080

<sup>3</sup> CPA Australia is the registered name of a large professional accounting body in Australia.

increased victimisation of dissenters. The need to generate private income, combined with staff reductions following funding decreases, had led to an explosion in academic workloads, contributing to the loss of many of our best minds from Australian universities. One vice-chancellor conceded before the Committee that the underfunded 'enterprise' universities of the new millenium were not happy places.<sup>4</sup>

- 1.23 The Committee also heard about a range of problems associated with current arrangements for student charging and income support. Evidence was taken on the increasing debt burdens and paid work commitments of full-time students, and the declining quality of the teaching conditions. Students were paying more at the same time that the quality of support that they were being offered had declined. The Committee also heard how recent changes to ABSTUDY payment arrangements had adversely affected indigenous students.
- 1.24 The inquiry also heard a range of evidence demonstrating serious problems with many aspects of universities' commercial operations. Public assets were being privatised, often with inadequate regard for the long term public interest or matters of probity and due diligence, public funds were being used to shore up universities' commercial operations, some universities had entered into speculative, highly risky ventures with potentially serious financial and legal liability risks, universities were cashing in on their reputation, or 'brand' for profit, with inadequate quality assurance safeguards, and were providing preferential access for those attending franchise operations. State Auditors-General had raised serious concerns with many aspects of commercial operations and identified areas where the current regulatory and accountability framework was inadequate for protecting the public interest. The Government's response, in terms of a review of the regulatory arrangements, had been belated and was far from adequate.
- 1.25 It became clear during the course of the inquiry that, while there is common ground about many of the major problems facing Australia's public universities, there is less consensus on the nation's higher education needs and the best means of meeting them. There was debate about the relative benefits of concentration of both research and teaching. The leading research universities, commonly known as the 'Group of 8' or 'Go8', support the need for increased concentration of research funding and activity, with the aim of allowing Australia to develop some 'world class' universities. They also support a more deregulated market for undergraduate and postgraduate education, on the basis that this would promote greater diversity and differentiation across the sector, in line with the needs of a diverse student population. Other universities, particularly those serving regional or outer-metropolitan regions, are concerned about the effects of increased deregulation and greater concentration of research funding for the viability of their institutions and their capacity to meet local and regional needs. There are academic experts and interest groups supporting both views.

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<sup>4</sup> Professor Mary O'Kane (University of Adelaide), *Hansard*, 17 July 2001, p. 977

- 1.26 Divergent views also emerged on policy directions such as the increased emphasis on industry-related research. Some universities, such as the University of Technology Sydney (UTS), have embraced this policy, while others, and a large number of academics and discipline-based groups such as the Academy of Sciences, identified serious concerns with the policy's long term effects on universities' capacity for basic research.
- 1.27 There are also some differences in the interpretation of data and trends within the higher education sector. These differences generally reflect the presentation and selection of data and benchmarks. Recent Government statements have highlighted Australia's overall level of investment in higher education (both private and public) relative to OECD comparator countries. The Committee has chosen to emphasise public investment because, as discussed below and in the remainder of the report, it is public investment that provides the underpinning of quality in teaching and research. Government statements also frequently highlight the increase in the number of undergraduate students over the past five years, without reference to the fact that universities only receive 'marginal' rather than full funding for a large number of those places. Finally, Government data on staff-student ratios have been disputed by other paries including the Australian Vice-Chancellors' Committee (AVCC).
- 1.28 The disappearance, or significant erosion, of capacity in a number of disciplines, particularly in some of the 'core' or enabling sciences, and in some areas of the humanities, that are fundamental to critical thinking, in favour of more narrow, vocationally-oriented courses, is a major concern. Universities are increasingly downsizing or rationalising courses in some of the sciences and areas such as languages, even when enrolments were stable, because shrinking budgets mean that the 'cost efficiency threshold' has increased.<sup>5</sup> Australia is in danger of losing its capacity in some languages including those of crucial strategic importance, without concerted action at the national level.<sup>6</sup> There has been a 29 per cent reduction in the number of physics staff in Australian universities since 1994, despite minimal changes to the number of students, with the result that 'this discipline is being destroyed.' <sup>7</sup> Few, if any, participants in the debate shared DETYA's apparent faith that the operation of the 'market' would ensure that important disciplines would survive, at least as 'niche' or specialised offerings. It was argued that a national strategy was needed to develop a workable solution in relation to languages. <sup>8</sup>
- 1.29 The sorry plight of regional universities was another consistent theme. Despite reducing its course offerings, the Northern Territory University's financial position was so precarious that, a year or two ago, the Territory Government considered it necessary to inject between \$2-\$3 million a year into the university to

Professor Anthony Thomas (Australian Academy of Sciences), *Hansard*, Adelaide, 4 July 2001, p. 793

Professor Malcolm Gillies, (Australian Academy of the Humanities), *Hansard*, Adelaide, 4 July 2001, p.744

<sup>6</sup> ibid.

<sup>8</sup> ibid., p. 749

cover basic operating costs, including staff salaries.<sup>9</sup> The University's future is now under review. In the past year, James Cook University has suffered funding cuts of \$4 million due to under-enrolment, and may need to close its full program in mathematics.<sup>10</sup> The University of New England was also facing a very difficult financial situation. The reductions in core operating grants and lack of salary supplementation had had a particularly serious effect on these regional and more remote universities because, unlike many of the universities in the major metropolitan areas, they had limited access to the non-government income, such as international student fees, increasingly needed to meet core operating costs. DETYA's response to date has been mixed, but completely unsympathetic. At the conference on *The Idea of* a University: Enterprise or Academy in July this year, the official in charge of the Higher Education Division argued that universities had to reform their operations and organisations and become more customer-focused if they wanted to survive in their current forms, or run the risk of losing their autonomy through 'very restrictive service purchase arrangements or administrative prescriptions.' 11 Subsequently, in evidence to the inquiry in Canberra the same official noted that universities were autonomous and that it was up to them to take the steps needed to secure their own future. He also claimed that:

If there are critical pressures on universities, they reflect the inadequacy of the management of the universities to deal with the problem. <sup>12</sup>

- 1.30 Professional and industry associations expressed concern about the undersupply of graduates in some disciplines and, in some cases, the academic preparation of graduates. At the same time, employment data indicate a level of initial unemployment for a proportion of graduates alongside claims of under-supply.
- 1.31 Universities do not operate in isolation from the rest of the education sector and society: some of the factors affecting universities' capacity to meet Australia's higher education needs have their origin outside universities and higher education policy. Enrolment trends in particular reflect a combination of demographic trends, participation in secondary schooling, and participation in specific courses such as mathematics and science, and employment and occupational trends. Curriculum content and the quality of teaching in schools, and the skills and knowledge of school leavers, are major determinants of the entry standards for university courses, which in turn affect the curriculum content in the first year of study. The Committee heard that universities have little capacity to increase the number or standard of enrolments in some science disciplines and mathematics without a major increase in the number of school teachers who have completed university degrees in their core teaching subjects,

<sup>9</sup> Mr Kenneth Clarke (Treasury, Northern Territory Government), Hansard, Darwin, 30 April 2001, p. 274

<sup>10</sup> Dr Howard Guille (NTEU Queensland), *Hansard*, Brisbane, 22 March 2001, p. 7

Mr M Gallagher. Speech, *The Idea of a University. Enterprise or academy?* Manning Clark House, ANU. 26 July 2001.

<sup>12</sup> Mr M Gallagher (DETYA), *Hansard*, Canberra, 13 August 2001, p. 1350

and consequent increases in the number of school leavers with good grounding in basic science and mathematics.

- 1.32 Employment patterns, and in particular, students' perceptions of occupational opportunities, including income levels, also affect enrolment patterns. The popularity of courses such as business administration is consistent with the positive employment outcomes for graduates in these fields. Changes in the economies of rural and regional Australia affect both the size of the local student cohort and the capacity of local economies to support participation in higher education.
- 1.33 Current government policy is to rely on the market to meet the nation's needs for skilled graduates: universities are considered free to respond to student demand, which is considered to be responsive to labour market needs. Other government policy settings, however, work to undermine or distort the operation of the market. On the evidence of student representatives, increases in the HECS burden for students and higher charges for courses in areas such as science, have an important influence on students' course choices. Government under-funding also distorts universities' course offerings in favour of courses that are attractive to full fee-paying students. The variety of course offerings within a discipline in turn affects demand. Universities' capacity to shift courses to areas of high demand but greater cost is hampered by the current funding models which do not compensate them for the additional costs that they incur. Government policy has not only failed to address the market failure, but also plays no small part in contributing to market failure.
- 1.34 The predominant focus on short-term market needs is also inconsistent with the Government's responsibilities for ensuring that universities are able to meet longer-term economic needs in terms of the production of skilled graduates and high quality, independent research. The one-dimensional focus on economic needs also neglects the vital role of universities as centres of free inquiry and broad, general education which play an important role in the development of a just and cohesive society.

#### **Main conclusions**

1.35 Changes to the funding arrangements for higher education and the development of a marketised higher education sector have taken place without any assessment of the implications for universities' capacity to meet the nation's higher education needs. One result is that universities, as the University of Adelaide explained, no longer know what the Government and the community expect of them and where their primary responsibilities lie. They are frequently torn between their traditional goals of providing excellence in teaching and research, with high standards of academic integrity and independence, thereby meeting community needs, and the imperatives of financial survival. The Committee therefore believes that it is important to consider the role and function of universities and to articulate clearly the values and

guiding principles for higher education. This issue is considered in detail in the following chapter.

- 1.36 Universities are not assisted in their management task by the prevalence of ad hoc, reactive and often inconsistent policy decisions, indicative of the Government's lack of a coherent vision for higher education and poor understanding of the effects of policy on the ground. The recent Backing Australia's Ability statement is a welcome acknowledgment that the Government's previous policy of relying on the private sector to provide additional funding for university-based research has failed to maintain research at internationally competitive levels. Universities and informed commentators have, however, pointed out that this initiative is undermined by other past and present government policies, including the reduction in core operating grants and in research training places. The erosion of infrastructure and teaching capacity will also undermine Australia's longer-term capacity to attract non-government income, including from overseas students, in line with government policy. effective 'marketisation' of postgraduate coursework in 1996 through the conversion of Commonwealth-funded, HECS-liable places to upfront fee-paying places, provides a foretaste of the operation of a more deregulated, privatised system that appears to be the ultimate goal of this Government's policy. There has been a dramatic decline in enrolments, particularly in areas such as health sciences, where continued professional development is important for the quality of our health care but does not necessarily lead to higher incomes. The Government's own Innovation Summit Group identified this decline as incompatible with efforts to improve innovation in Australia, prompting a reactive policy response that raises as many problems as it seeks to address.
- 1.37 The Committee believes that these policy failures also reflect the lack of independent, objective assessment of the impact government policy settings for meeting the nation's higher education needs, following the abolition of the National Board of Employment, Education, and Training (NBEET) in 2000.
- 1.38 Analysis and advice from an advisory body would expose the contradictions at the heart of the Government's (unstated but implicit) policy objective of moving Australia's higher education system down the path of the US private universities. The circumstances of the prestigious private universities in the US are vastly different from those of Australia's public universities. Many of the large or respected US private universities have access to significant amounts of private income in the form of endowments and untied donations. This allows them the autonomy that they need for long-term planning and independent teaching and research. While many also have a significant income in the form of tuition fees, this understates the extent to which student fees are often heavily subsidised by both government and universities. In

For example, the Committee heard from the Australian University Alumni Council that Harvard University was raising \$1 million a day, every day, so that, over a five year period, it could raise \$2 billion; and in 1999, the University of Oregon had \$80 million of alumni funds to spend. (Dr Neville Webb (Australian University Alumni Council), *Hansard*, Newcastle, 19 July 2001, p.1143)

addition, many of them benefit from significant levels of Federal Government investment in research: for example, Stanford University, which spawned the plethora of high-technology start-up companies in Silicon Valley, continues to receive 90 per cent of its research funding from the Federal Government.

1.39 As this report demonstrates, and Government reports concede, the nature of the private funding available to universities in Australia is quite different. It is 'volatile, uncertain and hard to win' 15 and is almost invariably tied to the provision of specific services and cannot therefore provide an acceptable substitute for public funding. In the five years in which universities have been required to rely on private funds as a substitute for government funds, their infrastructure has declined, and there has been a marked deterioration in both quality and financial indicators. The Committee believes that this policy needs to be reversed before any further damage is done to our public institutions. In the next chapter we set out some of the broader philosophical and policy issues facing our public universities, identify the need for a new vision for higher education and a process for developing a shared vision.

### **Recommendation One**

The Committee recommends that the Government end the funding crisis in higher education by adopting designated Commonwealth programs involving significant expansion in public investment in the higher education system over a ten year period.

<sup>15</sup> Mr Michael Gallagher (DETYA Higher Education Division) *The Emergence of Entrepreneurial Public Universities in Australia*. DETYA Occasional Paper Series 2000E. September 2000, p.23