

CHAPTER 2

PUBLIC UNIVERSITIES AT A TIME OF CHANGE

...the changed arrangements for Australian universities raise the question “What is a university?” in a very real way. We believe that it is most important that the Committee spend some time considering this matter as it is an issue that is somewhat taken for granted but is central to a vision going forward of Australian higher education and what it contributes to Australia in the 21st century.

There are considerable tensions in the way Commonwealth public policy has viewed universities in the last 10 years or so. There is a tension between seeing education as a public good and a private good. There is tension between seeing education as something provided for the Australian population and seeing it as an industry which earns money, particularly through exports such as educating foreign students. There is a tension between seeing universities as public sector institutions and pushing universities to be financially independent. Perhaps the biggest tension arises from the fact that universities are said to be essential to the knowledge economy, which is seen as so important for our future, yet the funding of universities has decreased. This sends the mixed message that knowledge is valued on the one hand, while its development is not funded at the rates it has enjoyed in the past. Universities are all about knowledge, and the key to their future lies in considering their capacity to produce knowledge, to process it in a sophisticated manner, to understand and to use it, and to diffuse knowledge and exploit it. Universities are one of the oldest and most enduring parts of the knowledge economy.¹

Any comprehensive view of our universities should also take account of how the public universities help define what it is to be Australian.²

...if we create market universities run purely on market principles they may be of their age, but they will not be able to transcend it.³

2.1 The Australian higher education system consists of 37 predominantly publicly-funded universities, a few non-university institutions (one of them, the Australian Maritime College, largely publicly funded) and two private universities. The apparent structural homogeneity of the majority of the system - as 'public'

1 Submission 264, University of Adelaide, p.4

2 Mr Brendan Sargeant (Defence), *Hansard*, Canberra, 13 August 2001, p.1270

3 Frederico Mayer, UNECSO Director General, *Times Higher Education Supplement*, 3 October 1997, p. 12 as quoted in M Peters and P Roberts *University Futures and the Politics of Reform in New Zealand*, Dunmore Press, New Zealand, 1999, p.57

universities - masks the fact that the origins of these institutions, and their individual and collective histories, diverge in important ways. The roots of a substantial part of the system in the former advanced education sector, as Colleges of Advanced Education (CAEs) and Institutes of Technology, are in a sense reflected today in the strongly vocational nature of many university courses, and in the concentration on applied research and relationships with industry predominant in many university schools and departments. The 'shift' towards applied research and vocationalism apparent in universities in recent years is in large part a result of institutional amalgamations and the evolution and redesignation of some advanced education institutions as universities from 1988-89.

2.2 The ambiguous or unusual status of the public university in Australia has been expressed and exploited in various ways. In recent years, and particularly since 1996, there has been evident an accelerating trend towards the conception of universities in Australia as entrepreneurial entities, primarily commercial in orientation - the 'enterprise university'. This trend is political in that it has been an explicit policy of the Commonwealth Government since 1996 to encourage such a perception of universities' nature and role.

2.3 Alterations in perception and policy in this direction have led to a blurring of the distinction between private and public universities and colleges. The eligibility of public universities for various forms of funding and support is enshrined in the *Higher Education Funding Act 1998* and other Commonwealth legislation. This phenomenon notwithstanding, the Committee has concentrated in its deliberations on that majority segment of the Australian higher education sector that is commonly referred to as 'public universities.' This is the emphasis embedded in the terms of reference for the current inquiry.

2.4 The Committee understands the term 'public university' to mean an institution with a historical basis in the public sector, established by state or Commonwealth statute, historically and currently in receipt of substantial public funds, which form the single central source of financial support for the institution. The Committee believes that this concept is widely understood and accepted in the Australian community. Moreover, the Committee believes that Australians associate with this concept certain core values and views about the role and responsibilities of these institutions in the public sphere. Central to this role is the idea of the public good: Australia's public universities are responsible to the community as a whole.

2.5 The question 'what is a university?' emerged as one of the central issues for the inquiry. Changes to policy and financial settings for the sector and to management and governance arrangements within institutions, alluded to in the comments above, and discussed briefly in the Introduction, have significant, and possibly unintended, consequences for the nature and role of universities in Australia. Universities are being transformed from public, albeit autonomous, institutions, with a primary role of providing education and research for the longer-term benefit of the broader Australian community, into institutions increasingly concerned with meeting the short-term, and overwhelmingly economic, needs of the market and ensuring their own financial

survival. Many are now conceiving themselves as ‘entrepreneurial universities’ with an ultimate goal of financial self-reliance and, in some cases, global ambitions. As a consequence, what has previously been considered as a national system of higher education is now in peril of dissolving into smaller, even individual, units involved in debilitating competition. Under such circumstances, the collective value of Australian universities to national programs and needs is in danger of being sorely reduced.

2.6 These changes have occurred with little formal public debate and within an accountability and regulatory framework that has been developed against the presumption of predominantly public funding. They also beg the question of where this development is taking us: what might it mean to be both a public university and a university that is largely independent of the government, or largely privatised? Could we be heading towards a situation where some public universities, probably those which have most benefited from past public subsidies, derive almost all their income, both for teaching and research from non-government sources and are able to turn their back on any government request to meet specific teaching and research needs? Could we arrive at a situation where it is only the less prestigious public universities that are focussed on the publicly-funded, HECS-paying student and publicly-funded research? Is this an outcome that the Australian community would support?

2.7 The scenarios painted above may be a little extreme but they are by no means implausible. While public universities are legally statutory authorities constrained by their enabling acts, and subject to state government accountability requirements in respect of their public assets, and to the Commonwealth for any funding from that source, there is nothing that requires them give any priority to their public responsibilities, or even to accept a certain proportion of publicly-funded research or students. Nor is there anything to constrain them from effectively ‘privatising’ themselves, by reducing their reliance on public funding to negligible levels. With international students likely to represent a significant proportion of all enrolments in Australian public institutions in 2003, it seems to be an appropriate time to pause and consider, as a nation, the implications of this development, what creeping privatisation might mean for the role of our public universities and whether we, as a community, are happy with the direction we are travelling. Both the states and territories and the Commonwealth, given their respective responsibilities for higher education, should be involved in a review of this kind.

2.8 There are other forces that are pushing public universities further towards self-determination and away from a concern with the ‘national interest.’ Commercialisation and privatisation of public universities has gone hand in hand with increasing deregulation of the higher education sector, including a retreat from government planning and control. Government policy has been to turn higher education into a quasi-market, with universities competing for students and private sector funding on the basis of services rendered. The market, with its often narrow focus, increasingly determines the nature and composition of universities' educational offerings. The widespread dissatisfaction caused by this policy is evident on every page of this report. Of particular concern is the disturbing evidence about erosion of capacity in a range of disciplines and pressure for the reduction in the intellectual

content and breadth of courses, which may have serious implications for our future capacity as an innovative society.

2.9 Commercialisation, in conjunction with the globalisation of the knowledge economy, has also encouraged a number of Australian public universities to conceive themselves as institutions with international, as well as national and regional, missions and ambitions.⁴ For example Monash University has declared that it aspires to be 'both an international and a global university.. unconstrained by national boundaries and traditions..' , and will locate its operations physically - and increasingly virtually - around the world.⁵ The University's plan for the future, *Leading the Way Monash 2020*, suggests that it must also create greater independence for itself:

The vision for Monash 2020 implies and depends on a high level of self-reliance. Monash must take full control of its resources and its future, as unconstrained as possible by the limits of public funding and policy.⁶

2.10 While the Committee supports the international engagement and orientation of our public universities, it believes that these should be subordinate to, and designed to complement, their contributions to national and regional needs. However, as with the creeping privatisation of public universities, there is nothing in the current policy and management framework to ensure that national and regional needs are accorded the appropriate priority. Nor is there anything in principle to prevent public universities from investing their public funds or publicly-derived assets to further their global ambitions. This issue is discussed in some detail in Chapter 7 where some of the more recent corporate initiatives of the University of Melbourne are examined. As with privatisation, much depends on the attitude of governing councils in deciding how far public universities can travel down the path to becoming global institutions.

2.11 State governments, particularly in New South Wales and Victoria, are clearly concerned about the implications of some recent commercial and entrepreneurial initiatives of public universities. From their perspective, public universities are first and foremost public institutions, and, like all public institutions, should give primacy to their public role. The Committee shares that view and those concerns. Any review of the role of universities needs to take account of both state and territory and Commonwealth Government perspectives.

The 'traditional' role of public universities

2.12 The role and function of public universities in Australia has evolved over time in response to changes in the broader society and community and government

4 Professor David Robinson, Vice-Chancellor, Monash University: *Toward the global university II: Redefining Excellence in the Third Millennium*, Capetown, 16-20 April 2000, at <http://www.monash.edu.au/staff/global.html>

5 *ibid.*

6 Submission 278, Monash Students' Association, p.30 (quoting Monash University, (1999). *Leading the Way Monash 2020*. p.10)

expectations. From their inception the first public universities were primarily concerned with training the higher professions, particularly medicine, other clinical disciplines and law, as well as providing training in the humanities. This role expanded from the 1950s with a greater emphasis on the training and research requirements of a modern state at a time of economic expansion. As Professor Simon Marginson notes, from this time public universities were seen as instruments of 'nation-building', with a key role in the development of the nation's human and cultural capital. Because many of those who developed the new or expanded institutions at that time were products of ancient universities in Europe and the less ancient but richly endowed universities in the United States, Australian public universities also increasingly adopted the traditional Western conception of a liberal university - or at least the conception that was in favour at that time.

2.13 This 'traditional' Western model of a liberal university is of an institution primarily concerned with the creation, preservation and transmission of knowledge. The creation and transmission of knowledge is seen as essential for both continued scientific and material progress and the protection and promotion of the 'civil society' that is an essential feature of democratic societies. As custodians of both scientific and cultural capital, universities have also served as the critic and conscience of society, a function that has been protected from 'political interference and the vagaries of the market' through the notions of institutional autonomy and academic freedom.⁷ Public universities also aspired to provide a broad liberal education for their graduates, that is one based on independent intellectual inquiry and scholarship as well as the mastery of a complex body of knowledge. We support such an emphasis remaining central to the concept of a public university in Australia.

Commercialisation and the traditional role of universities

2.14 In response to government policies promoting the commercialisation of higher education and financial self-reliance for institutions, public universities in Australia have been 'pulling away from traditional academic orientations' and 'pushing towards stronger market influences' to become 'entrepreneurial' universities.⁸ The advent of the entrepreneurial or enterprise university (examined in more detail in Chapter 4) has created significant tensions and conflict within these universities, particularly between those who embrace the development and those who see it as undermining the traditional role and function of public universities and their unique contribution to society. These tensions were clearly manifest in many of the submissions and much of the evidence before the inquiry. Many universities, as well as many academics, are clearly struggling to determine their role in this changed environment, and for many

7 M Peters and P Roberts, *University Futures and the Politics of Reform in New Zealand*, Dunmore Press, New Zealand, 1999, p.5

8 M Gallagher, *The Emergence of Entrepreneurial Public Universities in Australia*. Paper presented at the IMHE General Conference of the OECD, Paris, September 2000, DETYA Occasional Paper Series 2000E, p.1

there had been a ‘loss of confidence in the academic mission.’⁹ As discussed, public universities have also been caught between Commonwealth Government policies promoting increased commercialisation and privatisation and state government requirements that frequently constrain commercial ambitions. These tensions are clearly undermining their capacities to focus on their core teaching and research activities and threaten to compromise the capacity of public universities to contribute to Australia's development as a modern knowledge economy. The Committee agrees that there is now an urgent need to develop a new ‘shared vision’ for Australia's public universities and higher education sector, one that draws on the views of the community, universities and representatives of all political parties.¹⁰

2.15 Concerns about the effect of commercialisation were aired in a volume of essays published under the title *Why Universities Matter*¹¹ in which a number of academic commentators argued that ‘utilitarianism, vocationalism, commercialisation, privatisation and managerialism’ were undermining public universities' traditional roles and responsibilities as public institutions.¹² They were also debated during a conference on *The Idea of a University*, convened by The Australia Institute in July this year, where a wider range of arguments was presented, including the argument that increasing privatisation and commercialisation are not, in any case, incompatible with the traditional values and models of the Western university and that the 'traditional' or 'ideal' role and idea of a university has changed over time and would continue to change over time to reflect changes in the broader society. The debate about the idea of a university centres on a number of questions: whether the traditional idea and role of a university can be preserved within the setting of an entrepreneurial public university; whether it remains relevant for contemporary Australia; and what aspects of the traditional university should be retained. Underlying these questions is the broader question of what Australia wants and needs from its public universities and its higher education sector: an issue which should be part of the broader formal debate to develop a shared vision for the future of our higher education sector.

Academic freedom, the traditional university and commercialisation

2.16 Academic independence and institutional autonomy are central to universities' traditional roles as both knowledge institutions and critic and conscience of society. The international conference of universities convened by UNESCO in 1950 identified three defining principles of universities: the right to pursue knowledge for its own sake and to follow where the truth may lead; the tolerance of divergent opinion and freedom from political interference; and the obligation as social institutions to

9 Professor Stuart Macintyre, *Behind the Lines: An agent for Arts in the Occupied University*, The Marion Adams Memorial Lecture, 4 November 1999

10 *Campus Review* Vol 11, No 32, August 22-28, 2001, p 1 (O'Kane calls for an open forum to set new national policy)

11 T Coady (ed), *Why Universities Matter*, Allen and Unwin, Australia. 2000

12 Professor Stuart Macintyre, *Behind the Lines: An Agent for Arts in the Occupied University*, The Marion Adams Memorial Lecture, 4 November 1999, p.4

promote, through teaching and research, the principles of freedom and justice and of human dignity and solidarity. The importance of academic freedom and autonomy for the university's role in promoting human development and the continued extension of knowledge was re-affirmed in the April 1998 report of the International Association of Universities to UNESCO.¹³ The UNESCO Statement on the Rights and Responsibilities of Higher Education Teaching Personnel (1998) also provides that individual academics have a right to academic freedom.

2.17 The commercialisation of higher education is said to be undermining institutional autonomy and academic freedom in Australia in several ways. The NTEU submission cited instances where the increasing reliance of public universities on income from the fee-paying student and corporate market has been accompanied by restrictions on academic freedom. These include 'entering into contracts with external parties that explicitly or implicitly restrict the rights of academics to undertake teaching and research without interference and seeking to place unreasonable restrictions on staff's behaviour and speech'.¹⁴ Some universities, such as La Trobe, were said to have developed draft codes of ethics limiting public comment on matters that might adversely affect their reputation and restricted the release of information on university operations.¹⁵ There were also a number of high profile cases, most notably the case of Dr Ted Steele at the University of Wollongong (discussed elsewhere in this report) where universities are perceived to have penalised academics for public criticism of the university. It is important to note here that as universities have become more entrepreneurial, criticism such as Steele's is regarded as even more damaging, leading to an extension in self-censorship, as well as in censorship.

2.18 Chapters 4 and 9 of this report also examine a number of cases where universities appear to have constrained academics' capacity to contribute to public debate, whether about the university or matters of public policy.

2.19 More subtle threats to academic freedom have been identified in a survey of social scientists by The Australia Institute, in response to anecdotal evidence indicating a growing concern about the effects of commercialisation, and the increasing reliance on fee-paying students, for academic freedom.¹⁶ Respondents' comments indicate a range of concerns including external funding for research and full fee paying students determining which courses survive, what subjects are taught, who is promoted or retrenched; research being adapted to attract outside funding and the need to attract fee paying students constraining academics' ability to pursue research they consider important; and pressure to pass fee-paying students.¹⁷ While

13 International Association of Universities *Statement on Academic Freedom, University Autonomy and Social Responsibility* at http://www.unesco.org/iau/tfaf_statement.html

14 Submission 283, NTEU, p.22

15 Submission 283, NTEU, p.22

16 Submission 60, The Australia Institute, Part 2, p.1

17 Submission 60, The Australia Institute, Part 2, pp.7-8

most respondents were moderately or highly satisfied with many aspects of academic freedom, the great majority reported a degree of concern about the general state of academic freedom in their universities, with over one-third reporting major concern.¹⁸ While the low response rate for the survey means that there is no indication of how representative these responses are, the Committee believes that any restriction or diminution of academic freedom is clearly a matter of concern.

2.20 It is true that private funding is not, in principle, incompatible with institutional autonomy and academic freedom. As many supporters of increased commercialisation point out, some of the most respected, academically independent universities of the Western world rely on private funding for a large component of their income. Harvard University and other Ivy League Universities in the United States are frequently cited as examples. The nature of private funding in Australia and the funding available to our public universities are, however, quite different. In the overseas examples cited, the main source of funding is usually from 'untied' interest or earnings from endowment¹⁹ and, in the case of Harvard in particular, large donations and bequests by philanthropists and wealthy alumni. Capital reserves have been developed over a long period of time; a long-established reputation also means that they can be very selective about the students they accept, whether fee-paying or otherwise. As Chapter 3 indicates, no Australian universities are in this fortunate situation. They do not have access to large streams of untied private funding, regardless of protests to the contrary, and many are increasingly dependent on international fee-paying students to pay for some of their basic operating costs. While it may well be possible for universities to grow their sources of private revenue *over the longer term*, the Committee endorses the view of CPA Australia that, for the immediate future, private funding will not provide a satisfactory means of funding basic costs and that 'university funding should be such that commercial undertakings by the universities are not a financial imperative of the kind likely to induce them to engage in rash, highly speculative or otherwise high-risk ventures.'²⁰

Universities and the 'traditional liberal education'

2.21 Much of this report (particularly chapters 5 and 6) is concerned with the effect of commercialisation on the quality and diversity of teaching and research. The focus of this chapter is on the traditional concept of a 'liberal university education' and the challenges to this as a result of the commercialisation and marketisation of higher education, as well as the advent of mass higher education, the global knowledge economy and technological change.

2.22 The official view of the ideal university education is set out in the national protocols for approval of universities in Australia. These make it clear that education

18 Submission 60, The Australia Institute, Paper 1

19 Submission 208, Australia and New Zealand Association for the Advancement of Science, p.6

20 Submission 176, CPA Australia, p.9

must occur within a ‘culture of sustained scholarship, extending from that which informs inquiry and basic teaching and learning, to the creation of new knowledge through research, and original creative endeavour.’²¹ These elements of scholarship and intellectual inquiry distinguish a university education from that provided in the Vocational Education and Training (VET) sector, which has traditionally been concerned with generic skills and equally with the acquisition of vocationally-oriented knowledge and teaching.

2.23 The broad liberal education remains the ideal and one that many believe is even more necessary at a time of rapid economic, technological and social change where the capacity for critical and creative thought is paramount, while technical skills and knowledge quickly become outdated. The Victorian Government, for example, is currently reviewing the requirements for accreditation of universities in Victoria, in line with national protocols, to place a primary emphasis on institutions' commitment to research and scholarship and the systematic advancement of knowledge. RMIT noted that, at the same time that state governments are focusing on this broad approach, public universities are being urged by the Commonwealth to specialise their activities and disciplines to accommodate the constraints of a declining funding base.²² There is clearly some tension between funding and policy settings pushing universities in the direction of specialisation and differentiation and the need to retain the broad scholarly mission that is a defining characteristic of universities in national protocols and state accreditation requirements.

2.24 The value of a broad liberal education was argued forcefully by the Department of Defence, which emphasised the importance a university education that develops the higher order thinking skills: a capacity for critical thinking and analysis and for creative problem-solving. In the words of the Department of Defence, the unique contribution of universities is that they teach students ‘to think’ as well as ‘to know’ and provide a breadth of educational offerings:²³

You want people who can create and deploy knowledge quickly and who are capable of the best thinking. We believe that you have more prospects of achieving that if you have diversity and access to a very broad range of people, ideas and thinking. Therefore we see value in variety and diversity across a full range of disciplines [and] a broad liberal education and people who can think broadly over time.²⁴

21 MCEETYA's National Protocols for Higher Education Approval Processes. Part One (At http://www.detya.gov.au/highered/mceetya_cop.htm)

21 Submission 283, NTEU, p.47

22 Submission 281, RMIT, p.25

23 Submission 109, Department of Defence, Part 2, p.1

24 Mr Brendan Sargeant (Defence) *Hansard*, Canberra 13 August 2001, p.1284

Defence suggests that these considerations have wide application and are not unique to Defence.²⁵

2.25 Support for the importance of a broad liberal university education as the underpinning of a knowledge society has also come from the OECD. A recent OECD review of Australian higher education questioned why there was so little examination in Australia of the most appropriate curriculum for undergraduate education, and in particular the need to ensure an effective combination of general or liberal studies and more directly vocational ones. It expressed surprise and concern that the overall education of the student as a person, citizen, worker, family member seems not to be on the agenda of higher education in Australia.²⁶

2.26 The evidence presented in this report indicates, however, that there are good reasons to be concerned that a limited view of commercialisation and under-funding are undermining the role of a broad liberal education in Australian public universities. Commercialisation had led to an increase in the number and proportion of more narrow, vocational courses offered by universities, at the expense of those providing a broader education. This has occurred as universities replace traditional course offerings with those that are more popular with fee-paying students, which are overwhelmingly vocationally oriented, with a particular focus on business studies: for example La Trobe University has recently reduced its offerings in the humanities and arts subjects in favour of increased offerings in vocational courses that attract fee-paying students.²⁷ It had also occurred in response to the increasing demand for vocationally-oriented education as technological developments drive the need for skills in new areas such as internet-based technology.

2.27 Commercialisation is also said to have resulted in pressure to reduce the intellectual demands and content of many courses, whether vocational or otherwise. The transition from an elite to a mass higher education system and the competition for students in a marketised higher education sector have also contributed to these pressures. A witness from The Australia Institute provided an illustration of how the marketisation of higher education is affecting entry requirements (and presumably achievement levels) in different disciplines. The University Admissions Index (UAI) entry scores varied from 92.6 for a degree in Leisure Management at the University of Technology in Sydney to 50.5 for a degree in Arts at La Trobe University. The entry requirement for Arts degrees at three 'Group of 8' universities was 70, well below the entry requirements for degrees in jewelry, business administration and sports medicine at a number of other institutions.²⁸ While there clearly is some variation across the sector, with demand for the humanities and entry requirements remaining high at the

25 Submission 109, Department of Defence, Part Two, p.1

26 Submission 29, Dr Richard Johnson, p.1

27 Professor Stuart Macintyre, *Behind the Lines: An agent for Arts in the Occupied University*, The Marion Adams Memorial Lecture, 4 November 1999

28 Dr Clive Hamilton (The Australia Institute), *Hansard*, Canberra, 22 June 2001, p. 529. See also Tabled Documents No 6

University of Melbourne as one example, the Committee also heard of a general problem of declining entry requirements for humanities and even more so, for mathematics and science courses in many universities. This is in large part due to the comparatively more limited demand for such courses from higher achieving students. Representatives of the mathematical and natural sciences expressed concern about the implications of this development for Australia's long term capacity in a range of fields critical to a knowledge economy, including mathematics and science teaching, mathematics and quantitative analysis.²⁹

2.28 The Committee finds it disturbing that the Government appears to be unconcerned about these developments. Its concern is rather that universities should become 'more responsive to varying student needs and industry requirements',³⁰ that is, more market-driven. The underlying assumption is that the market is best placed to determine the quality and diversity of teaching, and the production of graduates in various disciplines, with no need for government intervention. The evidence presented during the course of the inquiry has demonstrated that this purely market-driven approach had resulted in a reduction in the range of educational offerings, in particularly in the humanities and enabling sciences, compounded by pressures to dilute the intellectual content of many courses. Such developments have serious implications for the future skill base and human capital of Australia.

2.29 Implicit in the issues raised by The Australia Institute, the Department of Defence and the OECD is a view that Australia, like many other advanced nations, should have a clear vision of its higher education needs and that these may well transcend the sum of choices made by individual student 'consumers' and private industry investors in research. The Committee agrees that this is an urgent priority for Australia given the wealth of evidence that current arrangements were leading to an erosion of capacity in a number of areas critical to our future economic and social well-being, suggestions that the overall standard of courses may be deteriorating and of an imbalance in the production of graduates in different disciplines. This issue should be discussed at the national summit recommended at the end of this Chapter. It could also be considered by a reconstituted advisory body for higher education, discussed in Chapter 4.

2.30 The Committee believes that a broad liberal education is also consistent with the central purpose of higher education, of assisting individuals to develop their intellectual and other capacities to their full potential, so that they can lead more fulfilled, creative and productive lives and contribute their talents to the benefit of the broader community. This seemingly idealistic vision is grounded in the understanding that education has played a critical role throughout history in the social and economic transformations that have laid the foundations for our current quality of life. The important role that higher education plays in the well-being of individuals and society means that it should be accessible to all those who have the desire to participate and

29 Ms Jan Thomas (Australian Mathematical Society), *Hansard*, Melbourne, 14 May 2001, pp.356-358

30 DETYA, *Higher Education: Report for the 2001-2003 Triennium*, March 2001, p. 3

the potential to benefit from it. It also indicates that while universities need to be responsive to the needs of individual and society for knowledge and education, they also need to ensure that teaching retains its intellectual standards and rigour.

The diversity of Australia's higher education needs

2.31 Australian's higher education sector comprises 37 universities and a number of other higher education institutions. On several measures, there is a good deal of diversity across the sector, largely reflecting factors such as institutional history, location and specific mission. The older universities located in the major capital cities, otherwise known as 'sandstone' and the 'redbricks' (the remainder of the 'Group of Eight', namely ANU, Monash and UNSW) offer a wide range of courses, are more selective in their recruitment and have significant research programs and reputations. Less privileged, and usually with a narrower teaching and research base, are the post-war (but pre 1975) universities or 'gumtrees' and the 'unitechs' (former institutes of technology) and, to an even greater extent, the new universities (former colleges of advanced education). Some universities, particularly in Victoria, are 'dual sector' institutions combining TAFE programs and higher education programs; some have a large segment of their student population undertaking distance studies or part-time studies; others have a preponderance of school-leavers who are full-time, on-campus students.

2.32 Higher education now touches the lives of many more Australians than in previous generations. Images of universities as remote 'ivory towers' of privilege and contemplation no longer reflect reality - if they ever did. Almost forty per cent of today's 18 year olds will attend university during their lifetime (and almost 90 per cent will participate in some form of tertiary education).³¹ A major issue for Australia is whether the current policy and financing arrangements support the desirable degree of diversity across the sector, particularly in an era of mass education and lifelong learning, where:

Universities are no longer charged with preparing only the 'brightest' of each cohort for their professional futures. They are, instead, charged with preparing a large and diverse student population for effective participation in both traditional and new professions, as well as for their increasingly complex role as informed citizens. In the 1960's a very small and elite proportion of a school leaving cohort attended university whereas today over 27% of all 18 to 24 year olds attend a tertiary institution. In addition Universities now admit large numbers of mature age students from a wide range of educational and professional backgrounds.³²

2.33 The creation of the Unified National System in 1988, by promoting autonomy and competition between institutions, was intended to foster diversity as universities sought to meet the diverse needs of the market. Most commentators agree that

31 DETYA, *Higher Education: Report for the 1999-2001 Triennium*, March 1999, p. 7

32 Submission 287, University of Western Sydney, p. 2

increased competition has, instead, promoted increasing convergence while the funding indicators adopted by the Commonwealth government have also served to smother diversity. The highly artificial nature of the market in Australia, and, in particular, the large distances and tendency for students to study in their local area, as well as the formulaic-based Commonwealth funding arrangements, inhibit the development of true diversity. Commercialisation has intensified this trend, because the fee-paying market is relatively homogenous in its focus on areas such as business administration, economics and some information technology programs.

2.34 At the same time, there are signs that increased reliance on private revenue is leading to greater stratification of the sector, with some universities, including a number in regional areas, appearing increasingly unsustainable as ‘traditional’ universities. The Committee believes that this is another important issue that needs to be examined as part of the debate about the future of our universities.

Universities' social and community responsibilities

2.35 Public universities have a cultural and social role that embraces, but is broader than, their role in developing the nation's human capital and intellectual potential. This includes using their expertise for the well-being of the community, for example in meeting specific educational needs or needs for research or expert advice and assistance. Public universities have made major contributions to cultural and social development by undertaking research on problems and issues specific to Australia and by contributing to debate on matters of community concern and interest. As the Department of Defence argued in the introductory quotation, they help us to define what it is to be Australian.

2.36 Most Australian public universities have also conceived their social responsibilities as including a broad promotion of the public good, through measures such as the provision of scholarships and support for access by disadvantaged groups, including those in remote locations. Some universities, for example the Lilydale campus of Swinburne University, and the University of Western Sydney, have a specific charter to serve their local communities, which include a high proportion of first-generation students and people from disadvantaged backgrounds. It has also become recognised in recent years, including by the OECD, that universities also promote social cohesion, of particular importance at a time of social and economic change, by ensuring that individuals or groups are not marginalised by being denied access to higher education.³³

2.37 Non-metropolitan universities play a particularly important role in the development of their local communities and regions, both in the education that they provide for local communities and the research they undertake on local problems, and their contribution to social and cultural life. However commercialisation of higher education is resulting in a significant deterioration in the financial position of many of

33 Submission 281, RMIT, p.12

these universities, reducing their capacity to offer a broad range of education to local students and their capacity to meet the needs of local communities. The NSW Government argues that the broader socio-economic and cultural roles of universities, including the public benefits accruing to societies and regions, requires that the Commonwealth and states develop a shared responsibility for constructing the policy framework governing the planning and funding of the sector.³⁴

2.38 The Department of Defence sees universities as also making an important contribution to our national security by developing the nation's intellectual capital:

The Defence submission argues that, at the broadest level, investment in Australia's universities is an investment in our future security. To provide the infrastructure and intellectual capital required to support Defence's requirements, the universities sector must be adequately resourced to develop students at undergraduate and postgraduate level, and to undertake R&D that results in new knowledge. While Defence acknowledges the need for resources to be targetted, Defence would argue against taking too narrow an approach...

I would like to offer a few observations on the broader strategic importance of universities. First, Defence's dependence on an interaction with the public universities is not unique. The Defence relationship could stand as a case study for many Australian organisations in government and in the private sector. We are all touched by the public universities directly and indirectly.³⁵

2.39 A matter of great concern to the Committee was the risk of public universities neglecting this broader social and nation-building role, in favour of meeting the needs of fee-paying students and the private sector. The greater the commercial focus of public universities the greater the risk that the social role will be sidelined, as it is not inherently profitable. The current Government policy framework ignores this problem. While government has embedded revenue generation as a performance measure for universities in the Workplace Reform Programme, among other areas, there is no such recognition of universities' social contribution:

there has been little to support social policy objectives; community service objectives have generally been measured as part of overall performance and much of the policy debate has been dominated by industry's demand for more flexible and relevant education and training.³⁶

2.40 The Committee notes, in this context, that it is ironic that, while Government policies are undermining universities' capacity to fulfil their social roles and are pushing them down the path of being 'just another provider of higher education', a

34 Submission 358, NSW Department of Education and Training, p.7

35 Mr Brendan Sargeant (Defence), *Hansard*, Canberra, 13 August 2001, p. 1270

36 Professor Ruth Dunkin, Vice-Chancellor RMIT quoted in V Meek, *Uses of Higher Education Policy Research*, December 6, 2000, The Oz Higher Ed

recent DETYA-commissioned report on universities and regional communities has argued the need for a completely different approach. The study highlighted the growing expectation by regional communities that the publicly funded higher education institutions in their areas are more than just ‘good corporate citizens’: regional communities now expect these institutions to contribute leadership, skills, infrastructure, facilities and targeted knowledge to strengthen the ‘sense of place.’ This was seen as raising the issue of whether the higher education institution is only *in* the community or more fundamentally *of* it. The report also noted the view within higher education that universities should maintain a degree of eminence and distinctiveness in the learning process and not be seen as simply offering another ‘off-the-shelf’ product along with other forms of education.³⁷ The Committee endorses those views and suggests that they are equally applicable to universities in metropolitan areas.

Conclusion

2.41 The evidence provided to the Committee demonstrated that the crisis facing Australian public universities has both financial and philosophical dimensions. It is the result of the combined effects of under-funding and policies of commercialisation. The absence of a coherent policy framework based on a rigorous assessment of the nation's higher education needs (in terms of the type of educational experience to be offered, the balance of vocational and educational training and production of graduates in different disciplines and the respective roles of the higher education and VET sectors) is compounded by the lack of a clear vision of the role that public universities should play in Australian society.

A vision for the future

2.42 As indicated at the outset, the Committee believes that the Australian community needs to review what it wants from its public universities and higher education sector in the years ahead. Universities’ past and potential contributions to our community are too valuable and too important to be left to the vagaries, and short-term focus, of the market. A vision for the future needs to take account of the changing environment in which public universities operate and the pressures that they will face in the years ahead.

2.43 Changes to the broader social and economic environment, including the advent of mass higher education, the move towards ‘life-long learning’ and continued professional development, technological change and the increasing competition from private providers of higher education, both in Australia and internationally, will continue to present challenges for universities. Unless public universities have a clearly defined role that differentiates them from private providers of higher education, the Government will be vulnerable to calls from private providers such as the Securities Institute of Australia, for the extension of the Higher Education

37 A Cumpston, R Blakers, C Evans, M Maclachlan, T Karmel, *Atlas of Higher Education: A community focus*, DETYA Occasional Paper series 01/A. March 2001, Part 2

Contribution Scheme (HECS) to their students.³⁸ Any such extension of public assistance may make Australia vulnerable, under the terms of the current General Agreement on Trade in Services (GATS) negotiations, to a requirement to extend similar assistance to any international providers that might be granted permission to operate in Australia in future.³⁹

2.44 The boundaries between the higher education sector and the Vocational Education and Training (VET) sector are also being blurred, with some duplication of course offerings across the sectors, particularly at the Graduate Diploma level, and increasing two-way movement of students. This blurring is being accentuated as universities increase their offerings of vocationally oriented, full fee courses in response to the need to earn additional income. These developments also raise fundamental questions about what distinguishes the education provided by public universities from that provided by the VET sector or private providers. An assessment of the respective roles of VET and higher education is an essential component of a coherent policy framework for higher education.

2.45 The advent of the global knowledge economy, and the re-discovery of the economic importance of knowledge as a key source of comparative advantage for nations,⁴⁰ also has implications for community expectations of universities and higher education and for higher education policy. The economic efficiency of a nation is now primarily dependent on the educational level of its people, and the quality and scale of knowledge generation in the community.⁴¹ Participation levels and the quality of teaching and research need to be such that Australia can remain internationally competitive and that equity is promoted. The regulatory framework also needs to ensure that our international reputation is protected by ensuring that Australian universities and private providers of higher education must satisfy rigorous quality assurance requirements, in respect of their domestic, and any international, operations.

2.46 Globalisation, particularly in conjunction with technology, presents many challenges, some of which are difficult to anticipate. A number of Australian universities have joined a consortium with overseas universities and multinational media organisations to tap into the potentially lucrative global education market, raising a range of issues related to regulation and quality control. Other universities, including Monash University, as previously discussed, and the University of Southern Queensland, have ambitions to be significant international providers of education, in particular through use of internet technology. Much has also been made of the potential threat to Australian universities as a result of overseas universities, whether 'virtual' or otherwise, providing education services to the Australian community. The Australian Government is currently engaged in international negotiations under the

38 Submission 151, Securities Institute of Australia, p.4

39 Submission 83, NTEU, p.52

40 M Peters and P Roberts, *University Futures and the Politics of Reform in New Zealand*, Dunmore Press, New Zealand, 1999, p.58

41 Submission 317, Australian National University, p.1

GATS framework on the liberalisation of international trade in educational services. While its objective may be to expand the opportunities for Australian universities and private providers of higher education to operate internationally, there are a number of potentially serious implications for Australian public universities arising from any GATS agreements and the Government's current approach to negotiations, matters all the more serious in that Australia is now the third largest international provider of 'educational exports.' The need to comply with GATS requirements designed to facilitate cross-border educational provision may result in our domestic quality assurance and regulatory regimes being 'stripped of their ability to ensure national quality for the price of global openness, with ultimately only the market as guarantor.'⁴² The Committee is extremely concerned that these issues have not been addressed satisfactorily in the Government's approach to the GATS negotiations, with the risk that our capacity to shape the future of our higher education sector may be severely constrained by the requirements of trade liberalisation agreements. These issues are discussed further in Chapter 10.

2.47 The commodification and commercialisation of education,⁴³ and the potential for lucrative profits, have also attracted a number of unscrupulous private providers seeking to exploit this demand and trade on Australia's traditional reputation as a source of quality higher education. All states and territories have legislation that requiring that they approve organisations wishing to operate as universities within their jurisdictions. National protocols were developed and agreed by MCEETYA in March 2000 for recognition of universities and protection of the title 'university.' It was agreed that the states should adopt procedures and that the Commonwealth should adopt appropriate measures under the Commonwealth Corporations Law. Recently, some private organisations have sought to use a title including the word 'university' without seeking formal authorisation. They are able to do so by exploiting the loophole in Commonwealth corporations law which allows unaccredited organisations to trade under names that include the word 'university', provided they have not registered the name. These organisations have the potential to seriously damage Australia's international reputation as a provider of high quality higher education.

2.48 The Committee is therefore extremely disappointed that the Government has failed, to date, to make the necessary amendment to the Commonwealth Corporations Law recommended in the national protocols, despite having acted, at short notice, to protect the name of Sir Donald Bradman.⁴⁴ It acknowledges, however, that, in response to questions raised during consideration of Estimates, DETYA has advised that the Minister for Financial Services and Regulation, the Hon Joe Hockey MP, has agreed with the proposed changes to the Corporations Regulations and indicated that he has directed the Department of the Treasury to progress the matter. Subject to the

42 Submission 283, NTEU, pp.51-52

43 M Gallagher, *The Emergence of Entrepreneurial Public Universities in Australia*, Paper presented at the IMHE General Conference of the OECD, Paris, September 2000, DETYA Occasional Paper Series 2000E, p.5

44 Submission 283, NTEU, p.47

approval of the Ministerial Council on Corporations, the changes would be implemented as soon as possible.⁴⁵ Although responsibility in this area has been acknowledged by the Government, no legislative action has been initiated.

2.49 By its inaction and administrative incompetence, the Government has also allowed an organisation calling itself ‘Greenwich University’ to be established in Norfolk Island and to promote itself as a university operating within Australia - and within Australian law - despite not meeting any of the MCEETYA national protocols for registration as a university. The Committee has also drawn this serious failure of the regulatory framework to the attention of the Government, but with no apparent results.

2.50 Australia's response to the challenge of the global knowledge economy has, to date, been focused on the exploitation of knowledge for its commercial value, with an emphasis on productivity, efficiency and cost control, rather than quality, diversity and investment. While exploitation of the commercial potential of knowledge is an important aspect of innovation, and modern economies need graduates with specific vocational and technical skills, these need to be balanced by an investment in knowledge generation and the development of a broad skills base.

2.51 In many other OECD countries the focus has been instead on ensuring that levels of investment in higher education are at appropriate levels to meet national needs for skills and innovation and preserve international competitiveness. Many countries have now begun to re-invest after periods of tight fiscal policy and declining public investments: Britain has invested an additional \$A4 billion in its higher education and science base over the period 1999-2001;⁴⁶ Canada has allocated \$C900 million for 2,000 new professorships,⁴⁷ after years of reducing expenditure; Ireland and Finland have also made major investments in higher education over recent years with significant benefits in terms of innovation and economic performance. The recent period of record economic growth and prosperity in the USA, in which innovations in information technology and biotechnology developed in universities have played a major role, follows a period of increasing public and private investment in universities.

2.52 Additional investment in higher education, is, of course, no magic solution or guarantee of increased economic success and prosperity. Available funds need to be allocated wisely and used effectively and the national policy framework must promote the best use of the knowledge, ideas, and discoveries of university graduates and staff. Failure to invest appropriately in higher education, however, will seriously reduce our capacity to compete in the global knowledge economy. Australia's growing trade

45 Senate Employment, Workplace Relations, Small Business and Education Legislation Committee. Responses to Questions on Notice. 2000-2001. Budget Estimates Hearing. Response to QE231 of 7 June 2001 by Senator Kim Carr

46 Submission 317, Australian National University, p.1

47 *ibid.*

deficit in ‘knowledge-intensive’ products or services such as information technology and pharmaceuticals, and the reduced value of our currency, provide some warning of the problems that we are likely to face in the future. On the other hand, the significant contribution that past investments in research in agriculture and related fields to the productivity of those industries and their contribution to our economy, provides a model of the benefits that can flow from appropriate investments.

Recommendation Two

The Committee recommends that the Government promote national debate on the issues addressed in this report, and that a national summit, representative of cross sectoral interests, be convened to build consensus around the following principles:

- **a clear assessment of the nation's higher education needs both in the immediate and longer-term;**
- **a clear vision for the role of public universities in meeting those needs, including national social development and local or regional development needs. This vision must clearly articulate:**
 - **universities' commitment to academic freedom and intellectual inquiry and to promotion of the public good;**
 - **public universities' responsibility for meeting national needs for education and research and the relative importance of these and commercial, including international education, activities;**
 - **the respective roles of public universities and private providers and VET institutions and providers in meeting needs for further education;**
- **agreed principles for universities' commercial activities, which reflect universities' status as public institutions accountable to both state and Commonwealth governments; and**
- **provision of public investment levels consistent with the agreed principles.**

