

GOVERNMENT SENATOR'S REPORT

1.1 At the outset, Government senators would like to place on the record their disappointment and regret that the Opposition senators have used the forum of this inquiry to sensationalise the challenges facing our higher education sector and undermine the international reputation of our universities and our community's confidence in their higher education institutions, for cynical political purposes.

1.2 The reluctance of Government senators to support this inquiry at its inception rested entirely on the correct assumption that this purpose would eventuate. Higher education is a most appropriate field of investigation by the Senate, given the large appropriation through the *Higher Education Funding Act 1988*, and DETYA's administration of the sector. This Committee has conducted several inquiries into higher education in the past,¹ notable for producing recommendations agreed to by all members of the Committee. That would not have been possible in this inquiry in part because of the exceptionally wide terms of reference: such terms as were beyond the capacity of the Committee to deal with effectively in the time that was available. The result has been a report which has managed to be at once both lengthy and superficial.

1.3 Government senators do not resile from the fact that in some respects the higher education sector is under strain. It is the not unprecedented strain of growth, to be addressed later in this minority report. It is not to be wondered at that the overwhelming majority of submissions dealt with the symptoms of this strain. It was the expectation of the Committee that they would receive vastly more evidence alleging or claiming underfunding, deprivation, overcrowding, overwork, declining standards, overweening management, persecution, unscrupulous behaviour by all or any participants, and variations of mendacity, dishonesty, corruption and the abuse of power. The Government stands accused of being the root cause of all this, although its only claim for responsibility is in creating conditions conducive to growth in the sector.

1.4 The Opposition report is careful to make clear that the characteristics of universities stated above are 'claims' made by those putting in submissions: the implication being that the Committee does not necessarily take them at face value. Yet the tone of the majority report is so soaked with such claims as to suggest that they may be taken as being fully substantiated. What is missing from the record of submissions is evidence from the vast numbers of apparently satisfied graduates in the workforce or from most of their employers. It is true that some professional associations have been among those who have expressed misgivings about a system under strain, but there is no evidence that the community has lost confidence in the

1 The most notable being *Priorities for Reform in Higher Education* (1990) and *The Organisation and Funding of Higher Education* (1994)

capacity of universities to service their needs. Nor is there evidence that employers are in any way concerned about the calibre of the graduates they are continuing to recruit in large numbers, and there is no evidence that demand for university places is falling as a result of perceptions of declining standards or lack of job prospects. The evidence, if anything points in the opposite direction. DETYA surveys show that overall graduate has remained constant over the past eight years and, if anything, have shown a slight rise since 1995 to a 2000 level of 91 per cent.²

1.5 The majority report claims that our universities are in crisis, that the quality of teaching in universities is in decline and that funding has been reduced and attributes this so-called crisis to the Government's higher education policies. The purpose of this minority report is to set the record straight on this and some of the many other criticisms and claims so as to ensure that some balance and perspective is provided on the record.

Claims of a crisis

1.6 The Committee heard from a large number of vice-chancellors and university managers during the course of its inquiry. While many of them discussed the challenges facing them, and all of them, as could be expected, argued the need for more funding, not one of them described their university as being in crisis. Not one of them considered that the standard of graduates that they were producing had declined. If no single university is in state of crisis and quality and standards have not declined at any one institution, how can the sector as a whole be in crisis?

1.7 The majority report places great store by the fact that the President of the Australian Vice-Chancellor's Committee (AVCC), Professor Ian Chubb has said that he believes the system is in crisis. With all due respect to Professor Chubb, whom Government senators hold in the highest personal regard, one of the roles of lobby groups such as the AVCC is to argue for more funding and dramatic statements are one way of attracting attention to an issue, particularly in the period leading up to an election. While the majority report cites evidence from the AVCC to berate the Government, it contains no endorsement at all for any of the proposals put to the Government in the AVCC Discussion Paper, *Our Universities: Our Future*, possibly because the AVCC's recommendations to Government indicate some appreciation of the realities of funding universities which seem to have eluded Opposition senators. While Government senators on the Committee have no view to offer here on the recommendations in the AVCC discussion paper, they note that the recommendations are substantial and are aimed at making changes consistent with the trend of higher education policy over the past six years.

1.8 Government senators were generally impressed with the level of expertise and the leadership presence of vice-chancellors who appeared before the Committee. They noted with interest the pains that they took to highlight the notable achievements and

2 DETYA, Triennium Report 2000-2003, Figure V3, p.35

contribution of their universities both in teaching and research. It was noted that some vice-chancellors did not make submissions, and did not appear before the Committee. It is understood that in at least one case, that of retiring University of Canberra Vice-Chancellor, Professor Don Aitkin, a reluctance to appear before the Committee was due to fears that the Senate's inquiry would develop into a point-scoring process from which no substantial outcomes might be expected. This judgement by a political scientist and renowned higher education policy 'insider' during the years of Labor governments, is highly revealing of the extent of mistrust and low expectations held of this Committee's work. It was obvious to Government senators at least that the opportunism of Opposition senator's questioning, and their propensity to chase 'difficult cases' was a distraction from the broader issues upon which were based the terms of reference. A small indication of the irritation visited on vice-chancellors by Opposition senators at the public hearings was their insistence on having details of vice-chancellors' salary packages placed on the Hansard record, even though the details were already a matter of record. The good humour of vice-chancellors was appreciated in the face of such gratuitously populist diversions, but Government senators note that such a line of questioning undermined the gravity of the inquiry.

1.9 Lengthy digressions on the 'Steele case' at the University of Wollongong, and other internal disputes between university administrators and dissident academics do not a crisis make; not for the universities concerned, still less the whole system. Nor can a 'crisis' be conjured up from the commercial ventures of the University of Melbourne, and the loss of \$5 million investment in Melbourne University Private when the sale of Melbourne IT realised \$25 million for the benefit of the university. The Dean of the Arts Faculty at the University of Melbourne, Professor Stuart Macintyre, has described the determination of the University to maintain funding in the faculty and preserve its wide curriculum and reputation for excellence. That is easier to achieve with injections of funding that result from commercial transactions. The 'crisis' affecting the University of Melbourne is a crisis of ideology, and it is felt most sharply in the NTEU and to a lesser extent in the student unions.

1.10 Nor did evidence revealing a broad perspective on the university sector suggest a looming crisis. Despite discouragement from some Opposition senators, the President of the Australian Academy of Social Sciences emphatically advised the Committee that there was 'no evidence that standards have fallen.'³ Professor Mary O'Kane, the then Vice-Chancellor of the University of Adelaide, also indicated that, in her view, universities are still producing 'excellent and high impact research.'⁴ The picture is clearly not one of uniform decay and dismay as the majority report wishes us to believe.

1.11 Finally, Government senators suggest that if the Committee majority really believes that there is a crisis in public universities, where is its proportionate response? Where is the Opposition's commitment to additional funding at a level

3 Dr Leon Mann (Australian Academy of Social Sciences), *Hansard*, Adelaide, 4 July 2001, pp 748- 749

4 Professor Mary O'Kane (University of Adelaide), *Hansard*, Sydney, 17 July 2001, p 976

necessary to resolve a crisis? The absence of such a clear and fixed commitment suggests that the Committee majority and the Labor Party also recognise that claims of a crisis are over-stated.

Funding

1.12 Opposition members of the Committee claimed that real funding for universities has been reduced by 6 per cent and the purchasing power of operating grants by up to 20 per cent since the Coalition Government came to power. These claims need to be corrected.

1.13 The Coalition *did not* cut university operating grants on coming to office in 1996. What it did do, as a Government that had been elected on a platform of responsible economic management, and which inherited a budget 'black hole' of \$10 million, was decide to reduce the forward estimates or planned growth levels in university operating grants. In taking this decision, the Government noted that higher education, unlike some other areas also deserving of public investment, had been in receipt of an increasing proportion of government expenditure, and had been expanding in an apparently unplanned fashion. A key point to note is the extent of increasing private funding to universities which has allowed for growth in student numbers. For instance, university investment income added \$276 million to the sector revenue in 1999, representing an increase in 3 per cent of total revenue.⁵ The Government's funding decision, in the light of the difficult choices that it faced at that time, was to cap that expansion for a number of years. This decision was implemented with great care. Its effect was delayed until 1997, in recognition of the lead times required for student and staff recruitment.

1.14 The Government was also concerned to ensure that the opportunities for school-leavers or mature-age entrants to participate in higher education were not restricted. Universities were required to convert a number of fully-funded postgraduate coursework places to fee-paying places, and use those places for undergraduate students. In effect it simply extended the arrangements for fee-paying postgraduate students that had been introduced under the former Labor Government. These are students who have already obtained an undergraduate award and have benefited from the large public subsidies involved in higher education and many are already earning higher salaries as a result. It is clearly in the community's interest and in the interests of equity, that priority be given to those who have not yet had an opportunity to participate in higher education.

Trends in Commonwealth funding

1.15 Some facts about the funding of higher education - including levels of Commonwealth funding - are set out in the following table and paragraphs. These make it abundantly clear that Commonwealth funding of public universities has not been dramatically reduced, as claimed.

5 Submission 352, DETYA, p.12

Table 1: Commonwealth resources devoted to higher education institutions

| Item | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|--|--------|--------|--------|--------|--------|--------|--------|---------|
| Total Grants (\$m) | 5683.9 | 5840.5 | 5864.1 | 5861.7 | 5838.4 | 5870.5 | 5840.9 | 5,974.4 |
| \$ per planned EFTSU | 13847 | 13993 | 13976 | 14219 | 14138 | 14288 | 14168 | 14409 |
| \$ per planned EFTSU Change from 1996 | | | -0.1% | 1.6% | 1.0% | 2.1% | 1.3% | 3.0% |

Source: AVCC Funding Table 4 Commonwealth Resources devoted to Higher Education institutions per planned and actual EFTSU, 1983-2003 (This table as noted is an abbreviated version with only the period 1996-2002 included and without actual EFTSU figures).

1.16 As the table indicates, despite minor fluctuations from year to year, the picture is one of stable and now gradually increasing funding, particularly in relation to the planned student intake: Commonwealth expenditure this year will be over \$150 million more than in 1995. That is only part of the picture. As was pointed out in a recent Matter of Urgency debate, DETYA figures were quoted which indicate that total funding of universities in 2001, from all sources, is estimated to be a record \$9.5 billion, which is more than \$1.24 billion more than expenditure in 1995, the Labor government's last year in office.⁶

International comparisons

1.17 The Opposition report also makes much of the fact that Australia's public investment in higher education has declined as a proportion of GDP and suggests that this is undermining our competitive position. Government senators would like to put these claims into perspective. The presentation of the data is selective: there is little discussion of the fact that total investment (public and private) in higher education as a percentage of GDP is now at 1.09 per cent - higher than the OECD average. This level of investment also places Australia among the top countries for investment in higher education and above the United Kingdom and Germany. Finland, widely cited as an example, of an innovative society has 1.7 per cent of its investment in R and D from the private sector.

1.18 Government senators also note that Dr Robin Batterham, the Chief Scientist, in his evidence to the Committee, argued that setting arbitrary targets for levels of investment in research and development is not particularly useful. What is important is to ensure that structures are in place to make best use of the funding.⁷ This approach is one that the Government shares.

6 Senate *Hansard*, 21 August 2001, p.26063

7 Dr Robin Batterham (Chief Scientist), *Hansard*, Canberra, 22 June 2001, p 519

1.19 On the matter of Australia's international performance, Government senators also noted that Professor Simon Marginson in his submission to the inquiry noted that 'compared with other OECD countries Australia has higher than average participation in tertiary education.'⁸

Opportunities for participation

1.20 Expansion of opportunities for participation in higher education is a key objective of the Government's higher education policy. Some key facts are:

- in 2001, there will be 20,860 (or 6 per cent) more Commonwealth fully-funded undergraduate places than in 1995;⁹
- levels of unmet demand are at historically low levels: unmet demand has dropped from 65,000 in 1990 to 25,000 in 2000;¹⁰
- marginal funding arrangements have also allowed universities to provide access to undergraduate university places for an additional 24 769 HECS-paying students in 2000;¹¹
- in addition, a further 2,650 places have been available to undergraduate students on a fee-paying basis.¹²

1.21 Australian universities are also enjoying record enrolment numbers. Total student enrolments are expected to reach 599,000 students in 2003.¹³ This is a 30 per cent increase in enrolments since 1995. HECS is obviously no deterrent to increased demand for university places. In addition, under *Backing Australia's Ability*, an additional 28,000 university places will be created over five years.

1.22 The Opposition report criticised the introduction of fee-paying places for undergraduate students and recommends this practice cease, claiming that it is inequitable. A few facts are relevant here. Firstly, the arrangement to allow domestic students access to undergraduate places on a fee-paying basis has been carefully designed to ensure that there is no loss of opportunity for HECS-paying students: universities cannot offer fee-paying places unless they have filled their target of fully-funded places and there is a limit of 25 per cent of places available to fee-paying students. Secondly, those who gain entry under this arrangement generally score only a few points below those entering on a HECS-payable basis and most perform extremely well in their studies. It is common for students to move to HECS for subsequent years of study.

8 Submission 81, Professor Simon Marginson, p.2

9 DETYA Higher education report for the 2001-2003 Triennium. March 2001, p.5

10 Additional estimates 22 November 2000, DETYA evidence

11 DETYA Higher education report for the 2001-2003 Triennium. March 2001, p.5

12 DETYA Higher education report for the 2001-2003 Triennium. March 2001, p.102, Table 4.9

13 DETYA Higher education report for the 2001-2003 Triennium. March 2001, p.5

1.23 Government senators also note that there appears to be some logical inconsistency in a position that accepts fee-paying places for domestic postgraduate coursework students (as introduced the then Minister the Hon John Dawkins MP) yet objects to the same opportunity being made available to undergraduate students.

1.24 A range of other Government initiatives in higher education have not been given their due consideration and regard in this report.

1.25 The introduction of the Postgraduate Education Loans Scheme (PELS) is a landmark development in Australian higher education. PELS was developed partly in response to a report by the Innovation Summit Group - a group that the Government has established to advise it on initiatives to improve innovation in Australia. Under PELS, postgraduate coursework students will have access to an income contingent loan repayable through the taxation system, on a similar basis to HECS. This initiative has been welcomed by almost all universities and the AVCC. Indeed, the President of the AVCC, Professor Ian Chubb, advised the Committee at its hearing in Sydney on 17 July 2001, that the AVCC was 'anxious to see the implementing legislation passed' and had written to the Opposition education shadow minister the leader of the Australian Democrats, whose parties had blocked the bill, to allow it to be passed.¹⁴

1.26 In addition, and most significantly, in January this year, under its *Backing Australia's Ability* initiative, the Government announced a decision to invest an additional \$1 billion for research grants and research infrastructure.¹⁵ Universities can expect to receive much of this additional funding. This initiative represents a substantial additional investment in higher education and research.

1.27 These figures hardly add up to a story of declining and uncompetitive public investment in higher education as the majority report suggests.

1.28 Levels of expenditure are one thing, but equally important is ensuring that the public receives the best value for its investment. The Government has therefore placed great emphasis on ensuring that universities remove any barriers to productivity, including rigidities in the industrial relations arrangements. The majority report is critical of the Workplace Reform Programme for encouraging universities to explore ways in which they can use their resources more efficiently and reward excellence. Reforms to industrial relations in universities are, however, the only way that universities will be able to address one of the real problems identified in the report: that is the differential between academic and private sector and international salaries in some disciplines such as engineering. While the majority report criticises the Workplace Reform Programme as ideologically-driven, that label is a better description of the Government's opposition to greater flexibility in wage setting within universities.

14 Professor Ian Chubb (AVCC), *Hansard*, Sydney, 17 July 2001, p 1005

15 The Hon Dr David Kemp MP, *Backing Australia's Ability Keeps Australia's researchers at the leading edge of innovation*. Media Release. K11 29 January 2001

Salary issues

1.29 In its criticisms of the current supplementation arrangements for salary increases negotiated under enterprise bargaining, the Opposition report also conveniently overlooks a few important facts. The salary increases negotiated since 1996 have largely been necessary to allow academic salaries to catch up some of the lost ground over the preceding decade. In effect the Government and universities have been paying for the under-investment under the former Labor Government. A report to the Labor Party's Chifley Research Centre in June this year demonstrated that the decline in Australian academic salaries compared with those in the United States occurred during the period 1979-80 and 1989-90: during 1999-00 the Australian relativities remained stable or slightly improved for some classifications.¹⁶

1.30 Government senators also note that enterprise bargaining for universities was introduced in 1994 under the then Labor government. That Government also limited its supplementation of wage increases negotiated in the first enterprise bargaining round to 2.9 per cent, leaving universities to bridge the gap between that amount and the 4.9 per cent salary increase negotiated.¹⁷

1.31 The report glosses over the fact that the current Government has offered universities an additional 2 per cent for salary supplementation under the Workplace Reform Programme. Up to \$259 million has been provided under this program, to stimulate greater efficiencies in universities and provide additional funding.

1.32 Government senators agree, however, that there is a need to ensure that our public universities are able to continue to attract high calibre staff in an increasingly competitive international environment. A number of programs have been introduced to assist universities to recruit leading academics. Following the announcement of the *Backing Australia's Ability* initiatives, including the establishment of Federation Chairs, two of Australia's leading expatriate researchers, including Nobel Laureate, Professor Peter Doherty, have announced their intention to return to Australia.

1.33 The Government also believes that workplace reform is one of the keys to improving staff retention, by both generating productivity savings which can be used for staff increases and by introducing more flexible remuneration policies. Evidence presented to the Committee made it clear that there were specific professions where academic salaries had become less competitive than those available in industry: these include information and communications technology, accounting, engineering and law. Workplace reform would allow universities more flexibility to offer more competitive salaries to academics in these areas, without necessarily increasing salaries across the board, where relativities do not justify these. The NTEU has

16 M Considine, S Marginson, P Sheehan, M Kunmick The Comparative Performance of Australia as a Knowledge Nation. Report to the Chifley Research Centre. June 2001, p 19, Table 9.

17 Submission 283, NTEU, p 11

opposed this increased flexibility, arguing for an outdated 'one-size fits all' approach to salaries and industrial relations.

Private funding

1.34 Under the current Government there has been a major expansion of private investment in Australian public universities bringing Australia more into line with some of the leading world economies such as the United States and Japan. As a result, universities are now funded at a higher rate than any time in their history. Total revenue for the sector in 2001 is estimated at \$9.5 billion - some \$1.2 billion more than in 1995 when Labor was in power. The majority report is highly critical of the policy that has led to this development. There are several points that need to be made in this regard.

1.35 Private investment in higher education in Australia did not originate with this Government. Under the then Minister John Dawkins, public universities were given permission to charge full fees to international students and Australia began to develop a vibrant export market in international education. The international student program has flourished under this Government. In 1999 international students contributed \$805 million to universities, representing 9 per cent of total revenue. A host of other benefits accrue apart from additional income. In particular, as James Cook University indicated, without international students, many universities would not achieve the economies of scale that enable them to offer a wide range of programs and universities would be '.. restricted in the educational opportunities that we would be able to offer to Australian students.'¹⁸

1.36 The Opposition report claims that private capital in Australia is too unreliable to provide a significant component of university revenue. Government senators believe that this is a pessimistic and unimaginative response, reflecting an ideological objection rather than an objective assessment. The facts are:

- the number of international students studying in Australia has more than doubled since 1996¹⁹ and the associated revenue has increased 145 per cent over the same period. Many universities as well as the AVCC welcomed the increase in educational and other opportunities that private funding brought;
- the Opposition report suggests that private funding is not available for core research and teaching functions and is in any case a limited pool. Once again, this is a very negative and restrictive view. It overlooks some of the recent success stories in this area. For example, Santos engineering has invested \$25 million in a school of petrochemical engineering at the University of Adelaide, funding that the Committee heard will enable the University to assist the university in East Timor to establish a petroleum engineering program, if

18 Submission 184, James Cook University, p.5

19 M Considine, S Marginson, et al, *The Comparative Performance of Australia as a Knowledge Nation*, June 2001, Table A5

requested - 'an interesting case of cycling public-private-public and public-international'.²⁰

- the benefits of private investment in universities are measured in more than dollars. Greater involvement with the private sector brings universities into a 'much more engaged set of relationships' with the community according to the submission of the University of Western Sydney.²¹

1.37 The Opposition report suggests that private funding brings the risk of compromising the independence and quality of university teaching and research. Government Senators do not believe that there is anything inherently problematic about either universities selling their services or the private sector investing in public universities. The University of New South Wales, for example, explained in its submission that many of the leading universities around the world, including Cambridge University in Britain and Princeton University in the United States, had grown and prospered by providing educational services on a commercial basis. Harvard University, for example, which most would agree has an unparalleled reputation for excellence, independence and integrity in teaching and research is also heavily reliant on private funding in the form of tuition fees, investment and donations.

1.38 The Committee also heard from a representative of the Institution of Engineers Australia, at its hearings in Sydney, stating his understanding that Santos had been 'scrupulous in leaving the design of the educational programs [at the University of Adelaide] entirely to the university'.²² A witness who in the recent past was in charge of graduate programs at the University of Technology in Sydney also drew the Committee's attention to the high levels of private investment in universities associated with the remarkable economic renaissance in Ireland: the 'attitude of business is one where business acknowledges and recognises that universities are intellectual powerhouses.'²³ Government senators would like to see Australian public universities benefit from that sort of positive recognition and support.

1.39 The Opposition report also conveniently overlooks the fact that many universities were very supportive and appreciative of private sector investment. For example, the Victoria University stated that:

Many US universities are extensively involved in the private sector, to the substantial benefit of both commerce and higher education. While all systems have their faults, there does not seem to be any difficulty in principle with the commercialisation of US universities (Clark Kerr, 1990).

20 Professor Mary O'Kane (University of Adelaide), *Hansard*, Sydney, 17 July 2001, p.982

21 Submission 287, University of Western Sydney, p.9

22 Dr Peter Parr (Institution of Engineers Australia) *Hansard*, Sydney, 18 July 2001, p.1061-1062

23 Professor Mairead Browne, *Hansard*, Sydney, 18 July 2001, p.1073

Furthermore, Michael Gibbons and colleagues (1994) argue that the development of the knowledge economy depends on tertiary education being involved extensively and intensively in commerce in what they call 'mode 2' teaching and research. According to this argument, universities should be further encouraged to develop multifarious relations with industry. While there has been much speculation on the possibility of commercial activities compromising the public good in higher education, this University is not aware of any evidence supporting this speculation.²⁴

1.40 Government senators do not believe that the opportunity to enrich Australian universities and the opportunity to broaden the funding base to increase the amount of money going into Australian universities from private capital has been exhausted or even explored to a sufficient degree.

Criticisms of marketisation

1.41 It is also interesting to observe that many of the funding or other policies or initiatives criticised by the majority report are simply the continuation of policies or initiatives introduced by the former Labor government, particularly under the then Minister, the Hon John Dawkins MP: the so-called marketisation of higher education and competition between institutions, the introduction of HECS, the introduction of fee-paying places for postgraduate coursework students and the introduction of full fees for international students and the development of a growing export industry in higher education; the formula based funding arrangements under the Research Quantum. It is ironic and somewhat bemusing to find these policies being criticised in a way that implies that they have been created by the current Government.

1.42 The Opposition report is also highly unbalanced in its selective presentation of the arrangements introduced under the Unified National System (UNS) and evidence presented to the Committee on the legacy of problems resulting from the poor implementation of the amalgamations under the UNS. Government senators note evidence that many universities were inadequately funded for the costs of amalgamation or the change to university status. For example, research infrastructure had been allowed to run down. The report of the Senate Standing Committee on Employment, Education and Training in 1995 found that the research infrastructure of many universities was in a damaged state.

1.43 Some of the criticisms of the UNS put to the Committee are outlined in the submission from Associate Professor David Tripp:

The so-called *Unified* system largely did away with these differences between university and vocational education]. In so doing it also did away with the opportunity for students with different needs and aspirations to learn in ways that most suited them, and significantly altered the teaching/learning ratio: the old colleges had to take money from teaching in order to produce research, and the universities had to take money from

research to do much more teaching. This has proved very inefficient as few of either institutions are well staffed, equipped or positioned to do the other's role.

It has also created some huge difficulties for all but the richest and most selective universities who have been able to avoid most of these changes: first, because all students now attend the one kind of institution, most universities have to cope with extremely heterogeneous student groups; second, more Government 'reward' funding follows research than teaching, so institutions engaged in 'value-added' teaching (ie. bringing the lower end of the unified university intake up to degree level) have become seriously underfunded.²⁵

Soft marking issue

1.44 There have been a number of allegations of 'soft' or preferential marking of fee-paying students aired in the media and reported to the Committee. It was suggested by at least one submission, that preferential marking is a response to the desire to obtain income from fee-paying students.

1.45 The Opposition report suggests that the allegations in the media related to soft marking have a sound foundation, without the Committee having collected any hard evidence on the cases in question or undertaken a rigorous assessment. The cases in question have all been investigated by the universities concerned - which have a clear interest in protecting their own standards and reputation - and no instance of preferential marking has been found to have occurred, although universities have identified the need for improvements in internal processes and procedures. Another perspective on this issue was put to the Committee by Professor Christine Ewan of the University of Western Sydney (which has not been the subject of such allegations):

An awareness of the facts surrounding many of the anecdotes might reveal them to be the product of professional disagreements between academic colleagues who disagree fundamentally about whether these changes [mass education] should have taken place. Reference to Mickey Mouse universities and professors by some complainants is evidence that the post-Dawkins system has no legitimacy in their world view.²⁶

1.46 Government senators give some credence to the view expressed in one submission that the soft-marking issue has been blown out of proportion for ideological reasons. The implication is that soft-making is a product of reliance on fee-paying students, particularly foreign students. This ignores the fact that for universities in the marketplace, their reputations are a vital asset. Degrees awarded on the basis of dishonest practices would come to be regarded as useless. As one submission noted:

25 Submission 205, Associate Professor David Tripp, p 2

26 Professor Christine Ewan, University of Western Sydney, paper forwarded to the Committee (copy of her opinion piece in *Campus Review*, 31 January-6 February 2001, p 9)

The penalties for soft marking are more powerful, not less, for universities operating in a market or quasi-market environment. If there is a quota system such as that which operates today, you can get away with a poor reputation, since eventually some students will have to come to you. In a mature market system, students can go elsewhere. It remains to be seen whether many of those students with the most market freedom, overseas students, will choose to go elsewhere as a result of recent controversies.²⁷

1.47 In summary, Government senators do not believe that there is any evidence of systematic problem with assessment standards, and that it is clear that procedures are being tightened to ensure that isolated instances do not occur.

Criticisms of government policy

1.48 The Opposition report is critical of Government policy, claiming that it lacks coherence and a clear vision for the future of higher education. Government senators reject that assertion as biased and without foundation. The Government has been extremely active and innovative in policy development over the past five and a half years. Major reforms include:

- the initiatives introduced following the *Knowledge and Innovation* White Paper, including significant reforms to research training designed to address some of the problems that had arisen as a result of the unplanned and often wasteful expansion of research higher degree places since the introduction of the UNS. The Opposition report is critical of the changes introduced for research training, reflecting the views of some universities that expect not to benefit from a competitive arrangement. However many universities - and not just from the Group of 8 - supported the general arrangements. For example, Curtin University of Technology declared in its submission that:

the competitive aspects of the [Research Training Scheme] and the need for improved research student management are commendable.²⁸

- the Backing Australia's Ability statement was a further major development in the policy and funding framework for research and innovation. It introduced a range of innovative programs including PELS and Federation Chairs;
- the agreement of the National Protocols for higher education approval processes and the establishment of the Australian Universities Quality Agency.

The quality of teaching

1.49 The Opposition report suggests that the quality of teaching in our universities is declining. This conclusion is based on the unquestioning acceptance of complaints from student unions and some academics. There is no hard evidence and no real assessment or definition of what quality means. Assessments made by the majority

27 Submission 205, Centre for Independent Studies, p.10

28 Submission 207, Curtin University of Technology, p 3

must be seen in that context - as impressionistic assessments, lacking a basis in sound analysis and research - and in particular, lacking a clear definition of quality. Without defining something with some degree of rigour and precision, how is it possible to determine whether it has changed for the better or worse?

1.50 The report suggests that because staff-student ratios have decreased and class sizes increased, and there has been an increasing use of casual staff, quality must have deteriorated. However no evidence was provided to support that assertion. Indeed Government senators note that the report itself concedes that few witnesses were prepared to concede that quality has declined.

1.51 Claims of declining quality also sit strangely against some of the hard factual evidence that is available. International students are now enrolling in record numbers in Australian universities. With the fierce competition for this market that the report acknowledges, the Government senators would expect that any decline in quality would be reflected in a reduction in student numbers. The reverse has occurred.

1.52 At the same time, student assessments of course satisfaction as measured on the CEQ are at record levels: 91 per cent, the highest level recorded since the introduction of the surveys. The Graduate Careers Council of Australia (GCCA) in its submission observed that:

The Course Experience Questionnaire, tapping into graduates' perception about their university experience, commenced in 1992 and data are available in reports for the years 1993-1999. The 2000 CEQ report is being produced at present. Levels of overall satisfaction with the university experience have risen steadily over the eight years (ref: *The Grad Files* December 2000, page 3).²⁹

1.53 Australian graduates are still well thought of and sought out internationally, again suggesting that our higher education system and its graduates are still held in high regard internationally. Government senators acknowledge that quality may not be perfect but it does not appear to be declining.

1.54 In this context, some recent Government initiatives designed to improve and safeguard quality need to be given greater recognition. The national protocols for higher education approval processes agreed by MCEETYA in March 2000, provide a valuable mechanism for protecting the integrity of higher education in Australia.

1.55 The establishment of the Australian Universities Quality Agency, with a brief to conduct audits of the quality assurance processes of publicly-funded Australian universities, and the accreditation and recognition procedures of the State and Territory higher education authorities, is a major development in higher education and is in the final element of the comprehensive quality assurance framework set in place over the past few years. The audits undertaken of self-accrediting universities will

29 Submission 138, Graduate Careers Council of Australia, p 1

assess the adequacy of each institution's quality assurance processes in the key areas of teaching and learning, research and management. This will include scrutiny of the processes an institution has in place to investigate allegations in relation to academic standards. The audits will also assess the institution's success in maintaining standards consistent with university education in Australia.

Commercialisation

1.56 While the Opposition report is critical of 'interventionist' Government policies and approaches, it ironically suggests a range of initiatives that are particularly interventionist, some of which may place major constraints in the autonomy of universities and, of particular concern, may act to stifle innovation. Commercialisation of research is a case in point. As a number of expert reports indicate, this is an area where Australia needs to be far more active if it is to be able to maintain its competitive position in a world increasingly based on innovation.³⁰ It is also an area where there are no clear best answers and approaches and where there is much to be gained from allowing universities to experiment and explore new, and hopefully successful, approaches. Experimentation and advances carry the risk of failure: not every commercial venture will be a success. The more cautionary, controlled and risk-averse approach suggested by the majority report runs the risk of stifling innovation with red tape and control. Problems may be avoided but so will achievements and success.

1.57 At the same time, the Government has acted, in a collaborative fashion, to undertake a review, in conjunction with State Governments, of the regulatory framework governing universities' commercial operations. The review will provide the basis for the Government to consider the need for changes to current arrangements.

Governance

1.58 The Opposition report criticises recent changes to governance of universities and particularly changes in the size, composition and operation of governing boards. Ironically, most of these changes have occurred in response to changes recommended by the report of a review of university management processes that was undertaken under the auspices of the former Labor Government. The Hoare Report found significant inefficiencies in the management of many universities and recommended that governing boards and other management practices be streamlined and professionalised to strengthen management capacity and improve efficiency. These findings were anticipated in the Dawkins' green and white papers produced in the previous decade.

1.59 Government senators believe that more, rather than less, needs to be done to modernise management practices and enhance universities' capacity to manage change and to deal with the more complex and uncertain environment of the new millenium.

Not surprisingly, a number of interest groups that may have lost some of their previous power and influence on governing boards (primarily staff and student associations) are critical of these changes. These groups are often critical of the inclusion of business representatives on governing boards, despite the often valuable perspectives and experience that such representatives can bring. Not all academics share that view. The submission from an academic at the University of Sydney argued that the inclusion of staff-elected representatives on governing boards presents the danger that such persons represent the interests of the staff that elected them, rather than seeing themselves 'trusted with the management of an organisation established in the public interest'.³¹

1.60 The majority report devotes a great deal of space in lamenting the decline of a collegial culture of governance in universities. It is important to remember that this culture was born in days when universities had very small enrolments and very small faculties. A professorial board would typically run a university through a part-time vice-chancellor (as was the case at Sydney University up until after the Second World War) and a small registrar's office. This structure remained essentially intact into the late 1980s despite the huge growth in enrolments and the size of academic and administrative staff. The collegial model takes no account of the enormous changes that have taken place since 'mass education' has taken over from the 'gleaming spires' era of universities. If Opposition senators wanted more insight into these changes and the background to current arrangements, they could have done no better than to refer to the Dawkins' policy documents.

1.61 Despite the frustrated pleadings of many submissions from academics, the idea of a 'community of scholars' running a university in the way they did in 1960 is absurd. The tenor of most submissions calling for collegial systems of management overlook the fact that internal reform of university administration would not have been possible without determined and committed agreement by reforming academics. To suggest that a new class of managerialists was introduced to overthrow academics from their dominance of internal managements is misleading. Government was only one influence at work, as Marginson and Considine state. In the late 1980s universities were subject to a great deal of pressure as a result of wider social and economic change.

Even while the universities were being remade as sites of governance, the role of intellectual labour in the economy was expanding, bringing business and the ethic of enterprise into the universities in new ways. At the same time government itself was being remade under the auspices of global economics and cultural change, and of neo-liberal politics. And the growing global realm was working its way into the heart of the universities, which as sites of governance, rather than places apart from the world and protected by policy, had now been opened to direct global influence.³²

31 Submission 12, Ms Carol O'Donnell, p 5

32 Simon Marginson and Mark Considine, *The Enterprise University*, CUP 2000, p.39

1.62 The evidence cited in the majority report conveys an impression that academics jump to the tune of senior non-academic administrators, who have in some cases managed to convert vice-chancellors into chief executive officers. The suggestion is that universities run like corporations have lost sight of their true purpose and exhibit an arrogant disregard for proper accountability. Recent research indicates that this perception is highly misleading, although universities differ widely in their governance cultures. As one researcher has observed, the exercise of management is now more transparent than it was, and probably more effective. There is much more emphasis on effective communication and understanding of corporate goals.

Some find in all of these changes the clear signs of decay in the 'Idea of a University': where the typical pattern of reform is joined to a bothersome central bureaucracy, there the grumbles are loudest. Yet by no means are academics all unhappy with the changes, and middle administrators are often strong supporters. Often we find a sense of relief that things are so much better than they were under an autocratic manager of the past, an older inefficient and unworkable system, a previous era of 'god professors' and privilege.³³

1.63 On the broader issue of governance and of external accountability, Government senators note the suggestion for clarification and harmonisation of state and Commonwealth Government responsibilities in a range of areas including accountability and regulation. This is an area where the Commonwealth has been very active. As indicated, in March 2000, the Commonwealth and states agreed, with the states, under the umbrella of the MCEETYA, to a series of National Protocols for the approval of universities. This is a substantial advance on the previous arrangements where accreditation of universities was based on varying state requirements. The Commonwealth has also initiated a joint review, with the states, of the regulatory regime relating to universities' commercial operations.

1.64 Government senators also note the strong flavour of central planning in the Opposition report's recommendations and emphasis on the need for the sector to meet national needs. This approach is counter to the thrust of government policy over the last decade which has been to allow universities maximum flexibility to determine their enrolments on the basis that they are in a good position to respond to student demand, which is in turn responsive to labour market needs.³⁴ The disadvantages of central planning were forcefully spelt out by Emeritus Professor Peter Karmel, perhaps Australia's foremost expert on higher education. Professor Karmel argued that:

In the economic world, centralised planning has seldom proved successful: decentralised markets have proved a much more effective way of producing

33 Rachael Boston in Marginson and Considine (eds), *op. cit.*, p.97-98

34 DETYA Responsiveness: Do universities respond to student demand? (at <http://www.detya.gov.au/highered/occpaper/00/default.htm>) p 1

and distributing goods and services... Generally a plurality of priorities is more likely to achieve high quality outcomes for the nation than a single set of priorities laid down centrally.³⁵

1.65 Government senators support the establishment of a University Ombudsman, but only after consultations with the universities. It is an issue to be addressed by MCEETYA, taking into account the extent to which current state legislation provides for the involvement of state ombudsmen in university affairs. It became clear during the course of the inquiry, that there were varying arrangements for the investigation and review of staff and student grievances and complaints within universities and possibly varying degrees of effectiveness in handling such issues. Government senators believe that the majority report suggestions of a poisonous atmosphere of mistrust prevailing in universities is both melodramatic and incorrect. It is unfair to universities to accept on face value the claims made in all cases by malcontents who have either had problems adjusting to the pressures of the times, or who are prone to personality clashes with their colleagues.

1.66 Government senators note, however, that a number of submissions and other evidence to the Committee raised grievances, complaints or allegations that had long histories, sometimes relating to incidents that occurred more than ten years ago, and which the complainants felt had not been satisfactorily resolved at the time. All members of the Committee are aware that in this regard the NTEU is often called upon to play a difficult role on these situations, which frequently involve clashes or disputes between academics. Access to an independent, objective point for investigation of complaints at an early stage would help to ensure faster, more successful resolution of complaints and, we believe, better acceptance of agreed outcomes. An Ombudsman would also provide useful feedback on any systemic issues in specific universities or the sector as a whole. It appears that this idea enjoys increasing support across the sector.

Regional universities

1.67 The Opposition report argues that regional universities are being disadvantaged by current funding arrangements. Government senators do not accept this. The government is providing 100,000 full-time graduate opportunities for students in regional Australia and last year, 5,258 more students from rural and isolated areas accessed higher education than under the Labor Party in its final year in office. The Government has also introduced a range of programs designed to address the special needs and circumstances of regional universities. Its program of funding capital investments has focussed on investments in information technology with the potential to overcome the tyranny of distance. The submission from a the then Labor shadow Education spokesman in the Northern Territory, acknowledged the enormous benefits that would flow to regional universities and those serving remote areas as a

35 Submission 8, Professor Peter Karmel, p 2

result of the rollout of telecommunications under the 'Networking the Nation' program.³⁶

1.68 The Government has also undertaken or commissioned a range of studies concerned with improving the capacity of regional universities to contribute to their local communities.

Conclusion

1.69 Government senators are disappointed that the report fails to indicate areas where all political parties agree and both Labor and the Coalition have struggled, like Governments in many OECD countries, to find satisfactory solutions. All of us are committed to the notion that Australian universities ought to be places of excellence in teaching and in research. All of us are committed to the view that Australian university funding should be greater, not less, than it is. All of us are committed to the proposition that equality of opportunity, or equity of access to universities, should be a fundamental principle of the system. All of us are committed to the view that the burdens placed upon students in making their contribution to the cost of university funding should be kept at the lowest feasible level.

1.70 It means that anyone, regardless of their socio-economic status, regardless of their background, as long as they meet the entry requirements of a particular university, can be the beneficiary of an interest free loan which is then re-payable years into the future at a time when they have the capacity to pay, and not before. There was no inequity in the concept of the HECS scheme when it was introduced by the Labor government; nor as it has been continued by this government.

1.71 It is facile to argue that there is a crisis in university funding because public funds have been maintained at constant levels, regardless of how often the claim is repeated by the Opposition. It is unrealistic to assume that the only legitimate source of funding for universities is public funding. That assumption, if it were to be adopted as policy, would pauperise Australia's universities. All of the great universities in North America and Europe began as institutions without formal connection with the state, and those in English-speaking countries have tended to remain in that position.

1.72 Encouragement of capital investment, particularly for the research capacities of universities, is an essential feature of higher education public policy that any responsible government would wish to pursue. There is no conflict between reliance on both private capital and public capital. Australia's public universities are becoming more open to the pressures and the opportunities of partnerships with a wide range of commercial and community partnerships while still maintaining their links with the state or forsaking the large measure of government financial assistance that still goes with this broadening outlook.

36 Submission 225, Dr Peter Toyne, p 5.

1.73 Government senators see a more optimistic future for universities than the Opposition would concede. They certainly have more faith in the ability of the universities to recast their role from that of separatist institutions, standing away from the mainstream of national concerns, to become drivers and influential partners in a range of social and economic developments: change agents to the nation.

Senator John Tierney
Deputy Chair

Senator George Brandis