

## Government Senators' Report

### A sound process as a foundation for a sound policy

The Higher Education Support Bill, currently before the Senate, implements a policy which has been developed through a most exhaustive and rigorous process of public consultation. The Higher Education Review process, known as *Crossroads*, has been widely accepted as a successful strategy for developing a new policy framework for higher education. The resulting proposal for reform of higher education funding and management is set out in *Our Universities: Backing Australia's Future*, and will be implemented through the Higher Education Support Bill and its companion legislation.

A number of submissions acknowledged the success of the *Crossroads* consultative process. Professor Bruce Chapman, so often quoted in the majority report, said:

...I thought that the Crossroads process was a productive one. It was carried out in a very inclusive way. I think the minister and the department have done their best in an open-minded way to seek consultation in a way that I think is a template for government inquiry.<sup>1</sup>

The overview paper *Higher Education at the Crossroads* was released in April 2002, and the Government invited submissions addressing the issues in the paper. A number of issues papers were published over the following months to expand on matters dealt with in the overview paper. More than 700 submissions were received in response to the issues papers, and beginning in September 2002, a series of 49 forums were held around the country with about 800 stakeholders participating. The Government's response to the Higher Education Review was announced on 13 May 2003 in the 2003-04 budget papers.

*Crossroads* was a process within which university stakeholders could address fundamental problems and consider the imperatives that are increasingly confronting universities. Above all, it was a process which led to stakeholders acknowledging the need for a significant culture change as a precondition for the educational and administrative changes required to make universities successful in the 21st century.

### The business of policy creation

The report of the committee majority makes two accurate observations about *Backing Australia's Future* and its associated legislation: first, that it involves change of a fundamental and far-reaching nature; and second, that the various elements of the legislation form a coherent strategy even in matters which may not appear at first glance to be relevant to higher education reform. The majority report claims that there is a sinister element to this second aspect of the legislation. This reveals the

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1 Professor Bruce Chapman, *Hansard*, Canberra, 10 October 2003, p. 25

opposition's anachronistic mindset and unwillingness to accept the need for a culture change in the way institutions are organised and managed if they are to survive the challenges of the next half-century. It is the responsibility of governments to drive agendas that anticipate changing economic and social conditions. The performance of the higher education sector is only one variable, or one element, in a complex interplay of forces which will determine whether the country maintains and increases its prosperity and well-being over the long-term.

Policy creation is almost always incremental. Making policy about universities often has to be as they have been in existence for a thousand years, and established in Australia for over 150 of those years. Since 1974, higher education has been the full responsibility of the Commonwealth, except that the foundation acts of universities tie them to relatively minor obligations of state and territory legislatures. The so-called Dawkins reforms of 1988-89 introduced massive structural changes, notably creating a single tier of universities with theoretically equal status and access to public funding, and introducing the Higher Education Contribution Scheme (HECS) which placed some obligation on the beneficiaries of higher education to make a contribution towards its costs. HECS was an innovation imitated in several countries, most recently, by Britain. It carries a strong equity dimension, allowing students to defer paying their fees until they can afford to do so. HECS is an important evolutionary element in the necessary changes proposed in the Higher Education Support Bill.

HECS contributions were increased from 1997, as a means of responding to the fiscal problems associated with the large deficit inherited from the Keating government, without sacrificing equity of access to higher education. Student contributions to the average cost of a place increased from 18 per cent to about 25 per cent between 1997 and 2003.<sup>2</sup> A self-funding loans scheme for postgraduate students, known as PELS, commenced in 2002, but is destined to be short-lived; its functions being subsumed by a new loans scheme, FEE-HELP provided for in the current bill. The Government released a research policy, known as *Knowledge and Innovation*, in 1999, and another, *Backing Australia's Ability*, in 2001. Together, these policies saw the introduction of performance based funding for block research, improvements to the quality of research training, encouragement of the commercialisation of research, and from 2001, a substantial injection of direct funding. The new Australian Research Council is now running an improved grants program, and four national research priorities have been identified.

Another innovation was the 1998 change to allow universities to fill additional places (after government subsidised places were filled) with domestic full-fee paying students. Currently these fee paying student students can comprise no more than 25 per cent of students in a course. In the legislation under consideration by the Senate, this limit will be raised to 50 per cent.

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2 *Higher Education at the Crossroads: Ministerial Discussion Paper*, DEST 2002, p. 7

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The policy changes in this legislation have become necessary because of pressures that are building up in the higher education sector. Paradoxically these pressures result from the strains associated with strong growth over recent years and the serious consequences that would attach to any faltering of this growth. Universities are now 'enterprises' in a sense that would not have been understood in 1974, and are subject to different forms of market pressures, in addition to the pressures common to educational institutions. These pressures are being felt unevenly across the sector, and are manifest in different ways, but it is becoming clear that current financial, and importantly, revenue constraints, are in danger of stalling growth and development.

Trends in university revenues provide an indication of the extent of sectoral growth and change: total revenue has almost doubled over the past decade, from \$5.5 billion in 1991 to \$10.4 billion in 2002. Over the same period, non-government sources of income also doubled as a proportion of total income, moving to an average of 55 per cent of total revenue across the sector up from about 40 per cent in 1991.

Other significant changes have taken place in relation to, or in response to, the revenue changes. For instance, the Dawkins reforms provided a direct impetus for structural and administrative changes in universities, including more 'corporate' style management arrangements. University foundation acts have been amended in most states to reflect the more 'enterprise' approach to education. These amendments have in nearly all cases been initiated by universities and passed at the request of universities. There has been significant movement to expand the market for foreign students, who now provide an important source of revenue. Over 15 per cent of student enrolments in 2001 were overseas students. The international student market is volatile, and Australia's share cannot be taken for granted. The fact that it is precarious, being subject to factors beyond the powers of universities to control, like the currency markets, is another pressure on universities to do what they can to sustain the demand. The development of collaborative research ventures with the private sector and other commercial endeavours and arrangements, including the operation of campuses abroad, have also raised the stakes in the creation of a new culture in universities with a focus on enterprise, a change which some stakeholders in the institutions continue to resist.

These and other developments in universities over the past ten years indicate that the higher education sector is ready for the next phase of reform. A number of references have been made to the Dawkins reforms, which were successful as transitional reforms. Their success can be measured by the fact that they enabled the Coalition government from 1996 to extend these policies to limits which may not have been envisaged in 1988. In one respect, however, they were a regressive step. The binary higher education system – universities and colleges of advanced education – at least provided a diversity of institutional functions and specialisations that many claim is missing from the current 'comprehensive' sector model. It is possible that what Minister Dawkins joined together in 1988-89 may, over time, be unravelled by the forces of education markets into a more diverse set of institutions. And some institutions may find themselves fulfilling a different role to that which they did prior to the introduction of the Unified National System.

## **The core to reform: financing higher education**

The most obvious and serious problem facing universities is one of long term sources of financing. There is a general acceptance that there cannot be complete reliance on the public purse to maintain and fund the expansion of the sector. Commonwealth funding as a proportion of total university receipts peaked about 1982 and then began to decline. This trend reflects the fact that funding of higher education ultimately reflects national expenditure priorities. In the very recent discussion about the budget surplus, there was much speculation about alternative uses for this surplus. We should not be surprised that health care needs were most often raised as an expenditure priority. The current measures for funding higher education reflect a pragmatic acceptance of the need to make the best use of scarce resources.

The majority report is not inaccurate in its observations about the Government's view of the limitations of public funding of universities. However it gives little emphasis to the fact that there is a large degree of policy overlap between the major political parties, in so far as the Hawke Labor government introduced HECS, and the Keating Labor government first moved to reduce the rate of indexation in its 1995 budget. In opposition, Labor has been caught in a time warp moving in its policy towards a greater reliance on the public purse in response to the pressure of its loyal and active constituents.

The submission which makes a number of cogent points arguing the wisdom of not relying solely on public funding to provide a quality higher education has been provided in a paper given by the Warden of Trinity College in the University of Melbourne, Professor Donald Markwell,:

The size of the increase in expenditure in the Crean/Macklin package over the Nelson package appears to be only \$840 million over four years. While this sounds like a lot of money, it is actually far less than the operating budget of the University of Melbourne for one year – a single year's operating budget of one university spread over all 37 universities over four years. This really is a relatively modest increase, and we need a massive increase in the funding of our universities: not a modest one.

We cannot rely on that public funding ever being delivered, or on being maintained amidst the vagaries of public funding, of budget 'black holes' and budget cuts. This, after all, is why we are in our present pickle: because our universities relied so heavily on public funding, and this has been tightened bit by bit over the last two decades. To rely again on public funding being sufficient for our needs would represent, as Dr Johnson said of second marriages, the triumph of hope over experience.

The reliance on public funding also gives no particular incentive to our universities to focus on students – but if universities are competing for

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student fees, they are compelled to focus on the quality of education that they are offering.<sup>3</sup>

Professor Markwell's comments are worthy of some elaboration. First, in regard to Labor's funding promise, the comment is accurate simply because a cautious opposition has underestimated the needs of the sector, and it is fearful of the effect of over commitment of expenditure in view of its other plans and the needs of other areas of public expenditure. Oppositions are not usually very proficient at expenditure projections. In fact, the sector requires much more than a government could afford through conventional grants. Second, as Professor Alan Gilbert has reminded us on a number of occasions, governments may have ample goodwill towards universities, but the exigencies of government may not allow this to be manifested in hard cash. Third, there is proof of the value of competition and of efficiency measures that have been placed on universities in recent times. Performance in the sector has improved. There is now much more energy concentrated on growth and efficiency, and universities are rising to the challenge of proving better service to students. But this cannot be guaranteed long term without reform.

### **Main finance and expenditure elements of the bill**

The bill introduced by the Government on 17 September 2003 includes broadly, four main provisions aimed at injecting additional funding into universities. These are :

- introduction of a new Commonwealth Grants Scheme, in place of the current relative funding model, under which the Commonwealth will provide a contribution for each supported student;
- converting, as from 2005, approximately 25,000 marginally funded places to Commonwealth supported places and providing additional places in 2007 to address population growth;
- provision for institutions to set student contribution levels within set ranges, from a minimum of no student contribution to a maximum of 30 per cent higher than estimated HECS contribution rates for 2005<sup>4</sup>;
- allowing universities to enrol fee-paying students up to the level of 50 per cent of places in courses once Commonwealth-funded places are filled.

The cost of these measures, in addition to various allowances described further on, is \$1.5 billion in additional public funding to universities over the next four years. The Government expects that over the next 10 years there will be an additional \$10.6 billion invested, of which about \$3.7 billion will be raised from student contributions.

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3 Submission No.384, Professor Donald Markwell, p. 8

4 Except for teaching and nursing where the maximum will be set at the estimated HECS rates for that year

Government senators note that the Phillips Curran report commissioned by MCEETYA to evaluate the Government's package described the total revenue implications for the sector as significantly positive, especially when estimates of potential additional contributions from students are included. Phillips Curran estimate that total additional revenue for the sector could be between \$0.9 billion and \$1.4 billion by 2008.<sup>5</sup> This represents an increase in dollar terms of between 9 per cent and 14 per cent on total current revenues. Additional student revenue is likely to be proportional to student population, with Victoria and New South Wales together expected to account for up to 50 per cent of total additional student revenue.

### **Full-fee paying students**

Despite criticisms of the package's proposals for full-fee paying students in a number of student union submissions, the majority report has wisely not made this an issue. The proposals simply increase universities' discretion to admit fee-paying students from the current 25 per cent to 50 per cent of places, only after all HECS government subsidised places are filled. Not all universities will take advantage of this additional flexibility, but some universities may do so for high demand courses. Even so, according to Professor Bruce Chapman's evidence before the committee, by 2007 students in Commonwealth supported places are still likely to account for 90 to 95 per cent of all domestic students.<sup>6</sup>

The committee has noted that the University of Melbourne has the largest enrolment of fee-paying undergraduates. The need for this provision, as the Melbourne University submission describes, results from the quota placed on HECS places which are allocated to the university. As demand always exceeds supply, the way to help students who exceed the quota is to admit them as fee-paying students, so long as they meet the academic standards required for entry. This last point is often overlooked by opponents of fee payer entry. There is a misconception about entry standards, leading some student authors of submissions to believe that they would share classes with those whose only claim to merit was the ability to pay for a degree, and whose graduation would have no relationship to academic performance. The submission from Melbourne dispels some of these myths:

The University rejects the idea that enrolling full-fee paying students undermines the merit principle. The 'clearly in' score required of HECS students reflects supply and demand for a limited number of places, not merit, or any minimum ability to required to complete a course. All full-fee paying students meet minimum entry requirements, as do other students admitted on lower than the 'clearly in' score, such as those in equity programs. Many students admitted under the full-fee program would be eligible for a HECS place at another course within the University, and all of them would be eligible for a wide range of courses at other universities. In

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5 Phillips Curran, *Independent Study of the Higher Education Review: Stage 2*, 2003, vol.2, p. 2

6 Professor Bruce Chapman, Hansard, Canberra, 10 October 2003, p. 38

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2002, the academic performance of the commencing students in domestic undergraduate full-fee places exceeded that of students in HECS-liable places. Australian full-fee students were more likely to pass all their subjects, and to receive a first class honours grade. The strong academic performance of full-fee students demonstrates that the selection process in no way compromises academic standards.<sup>7</sup> S.165, p.7

Finally, it should be noted that fee-paying students do not take the place of HECS students and may even benefit them, by allowing universities to provide a greater range of courses and higher quality teaching. From this perspective, fee-paying students provide a subsidy for Commonwealth supported students. Given that the provision for fee-paying students allows universities to achieve additional revenue without detriment to other students, Government senators do not fully understand the attitude of the opposition to such enrolments. Even more curious is the contrast between Labor's opposition to domestic fee-paying students and support for fee-paying overseas students.

### **Key elements of reform**

Evidence to the committee was almost inevitably one-sided. A great deal of it was based on misapprehension of changes to the working relationship between universities and the Government. Projections of dire consequences of funding changes were also based on a misunderstanding of the proposed arrangements. Finally, there was emotional opposition expressed toward much needed changes to the way universities order their affairs, including their governance and in their relationships with their employees.

Despite this, there was much favourable comment on the strategic policy directions of the legislation. The Australian Vice-Chancellors' Committee supported the key issues at the heart of the legislation. Among the key strengths of *Backing Australia's Future*, according to the AVCC, is the increased Government investment in higher education through both core funding and additional programs. These increases would reverse the slide in Government investment as a proportion of GDP. The package was also praised for giving universities 'useful flexibility' in setting student charges. The AVCC regarded these measures as a significant first step to ensuring the future sustainability of universities.<sup>8</sup>

Government senators believe that the policy, and its implementing legislation, stand up well under scrutiny as adhering to the principles of equity, quality, diversity and sustainability. This will be identified in the following consideration of opposition comments.

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7 Submission No.165, University of Melbourne, p. 5

8 Submission No.417, AVCC, Appendix: Response to Higher Education Reforms in the 2003 Budget, p. 3

## Equity considerations

It is noteworthy that the majority report, which made much of the evidence of Professor Chapman, a pre-eminent expert on HECS, did not cite the main thrust of his submission: that the proposed HECS increases are not expected to affect participation rates.

Professor Chapman explained to the committee that HECS debt, as an income contingent debt, was designed with equity in mind. The absence of up-front fees and the absence of a real rate of interest meant that every undergraduate commenced with an equal chance, with rate and duration of repayment dependent on the income level of the debtor. As Chapman explained:

In other words you could say: if you do really well in the labour market, we want you to pay more in the present value terms. You do that by having a system whereby the people who do best early pay quickly—and it would take about four years for a very successful young lawyer to pay off their debt. That means that compared to someone who takes 10 years a person in the former example loses six years of an interest rate subsidy. So, in present value terms, the person who does very well pays more in HECS. That is an important design feature of it, I think, because if you believe that means testing is an appropriate way to organise social policy—and I do—then the next question is: on what basis do you means test?<sup>9</sup>

There is evidence from a number of sources that HECS debt is unrelated to questions of equity. The problem is one of perception, and of limited knowledge of economic theory on the part of commentators and spokespeople for interest groups who are ill-advised. The knowledge we have now of HECS should give us confidence to see it in perspective. As the Melbourne University submission explained:

With an income-contingent loan scheme, affordability must be judged over the long-term, and not against a prospective student's current financial position. Research by the Melbourne Institute for Applied Economic and Social Research indicates that an average graduate with a three-year bachelor degree earns, over a lifetime, \$433,500 more than the average person who completed their education at Year 12. With direct costs and forgone earnings estimated at \$52,500, the net gain is \$381,000. Under the Nelson package, a student at a university charging the full 30% extra on a three year degree would pay \$5,000 more than current price levels. This is much too small a sum to have any effect on the economic viability of undertaking a degree.

The submission further reports that low-income participation has increased significantly. ACER research has shown that between 1980 and 1999, the participation of the children of manual unskilled workers has climbed from 13 per cent to 25 per cent. Chapman comments below on non-academic factors bearing on

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9 Professor Bruce Chapman, *Hansard*, Canberra, 10 October 2003, p. 45



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equity are relevant in this context, but it is as well to note at this point that year 12 students from low SES families do not do so well at school as middle class students, and are more likely to fall below course cut-off points. However, these are set by universities based on HECS quotas rather than entry standards, so that many potentially successful undergraduates miss out on places.<sup>10</sup> This will be addressed by the increased numbers of HECS places which are created by this legislation.

The fallacy of inequity is particularly evident in regard to low-income earners and those whose employment success is less than was anticipated. Chapman explained how the Commonwealth contribution amounts allowed the Government to maximize social benefit through cross-subsidising courses like nursing (which is expensive to run) by providing less subsidy for courses like law.

Professor Chapman explained in his submission that:

In theory income contingent charge systems are the best way to collect student tuition fees, from both an economic and a social perspective. In practice, HECS has had insignificant effects only on private rates of return to higher education, and apparently no adverse consequences for the access to higher education of those from relatively poor backgrounds. These are important findings when seen in the context of the financial pressures alleged faced in the current university climate. Whether or not there is a funding shortfall, and its origins if it exists, are now explored.<sup>11</sup>

Ability to pay for university is only one factor determining access to higher education, according to Chapman.

...HECS is less likely to diminish the access of individuals who do not expect to do particularly well in the labour force because of discrimination. The impost of the present value of the charge—the proportion which will have to be paid back—would be lower. That is one point about HECS that matters. The other point is that there are good reasons to believe that there will be price and income support instruments that can effectively change the participation of particular groups, but I would not want this debate to stop at the beginning of the process of the entry into higher education. Family background, family circumstances from age one or less are absolutely critical in determining access to higher education, so the question of student income support through Abstudy or through the old Austudy and believing that you can do major things at the point of entry exaggerates the importance of those instruments. This is an ongoing socioeconomic process which has to be addressed and considered in a life cycle context which is not really going to have a huge impact in year 12.<sup>12</sup>

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10 *ibid.*, p.6

11 Chapman, *op. cit.*, p. 13

12 Chapman, *op. cit.*, p. 50

That is to say: the inability of people from low SES backgrounds to attend university has much more to do with levels of aspiration, educational readiness to undertake higher studies, and various social influences, rather than on financial considerations. Another deterrent may have been living costs, but this has now been at least partly addressed through the new Commonwealth Learning Scholarships.

### **Quality considerations**

There can be no doubt that the record of the Government in implementing processes for quality assurance in higher education has been one of its success stories in this portfolio. The establishment of the Australian Universities Quality Agency by MCEETYA in 2000, operating as an independent company, has been recognized as the most effective means of achieving the accountability of universities for the rigour of their performance. The system is built on respect for the autonomy of universities and their independence in setting goals, standards and performance benchmarks. That is, the universities are responsible for self-audits.<sup>13</sup> This point is stressed because the majority report suggests incorrectly that universities are for all intents and purposes to become outposts of the Higher Education Division of DEST.

An initiative in the legislation arising from *Backing Australia's Future* which received no mention in the majority report and about which little was said at the hearings, is the measure that will see much more emphasis placed on the quality of teaching and learning. A National Institute for Learning and Teaching in Higher Education is to be established to implement this policy. It will have a number of management and liaison functions associated with the promotion of good teaching practice, and will be overseen by the Australian Universities Teaching Committee. The Institute is to receive \$21.9 million each year from 2006. University teachers will also be eligible for teaching awards.

In addition, a Learning and Teaching Performance Fund will be established from 2006, funded at the level of \$54.7 million in its first year of operation, rising to \$83.8 million in the second year. It will focus on improving learning and teaching of undergraduates.

### **Diversity**

The legislation gives the Government some leverage in encouraging more diversity across the sector. It also provides some protection for universities which need to maintain a reasonably broad range of disciplines, particularly regional universities.

To begin with, between 2005 and 2008 almost 25,000 new, fully-subsidised places will be phased in as each institution phases out its over-enrolled places. The 25,000 new places will not necessarily be allocated to those universities which had formerly over enrolled. They will be distributed across the sector taking into account the labour market needs of states and territories.

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13 DEST, *The Governance and Management of Universities: Issues Paper*, 2002, p. 13

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The Government has given particular consideration to the need to maintain a healthy skills base for teaching and nursing. In addition there will be an additional 1400 medical school places available for HECS students. There will also be 1400 growth places commencing in 2007 in order to give the Government some flexibility in training people for emerging industries or other specialized fields of knowledge. The majority report makes much of the unpredictability of the Government's intended outcomes, but fails to acknowledge the procedures to be put in place to ensure that all universities benefit.

While the Government has built safeguards into the funding to ensure that newer and regional universities will not suffer at the expense of older and metropolitan universities, there will still be scope for the development of a more stratified sector. This has occurred without the reforms now promised, and with them the trend will probably continue. We are also likely to see increased specialisation and the growth in the numbers of 'centres of excellence'. A number of organisations lamented the absence of this trend under current arrangements.

For instance, the Institution of Engineers has argued that resources for engineering education are currently spread too thinly, and suggests that the number of engineering schools be reduced. A less radical suggestion would be to maintain existing numbers of engineering schools, but ensure that they are not all covering the same ground.<sup>14</sup>

### **The matter of sustainability**

The majority brands the Government's package as unsustainable on the basis of the likelihood of failure of financial elements provided in the legislation. The first of these is the new arrangement for HECS. The provision of discretion to universities to vary HECS is criticized in contradictory ways. First we are led to believe that the proposal to increase HECS fees, up to the maximum of 30 per cent, will deter a high proportion of potential students from enrolling in university, because of the prospect of an increased level of debt. On the other hand, there is evidence that universities in the regions, including the metropolitan regions, will be unlikely to increase their HECS charges.

The package is sustainable because the universities will receive a boost in income. As the submission from the University of South Australia asserted:

After years of increasing costs of course provision and a failure to counter this with a rise in Government investment, we believe that the proposed increase in Government funds to the sector goes a long way towards increasing the sustainability of Australia's universities. By lifting some of the existing financial restrictions on universities as proposed, the

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14 Submission No.347, The Institute of Engineers, Australia, p. 13

Commonwealth will also assist universities in responding quickly to external changes, which in turn will help to achieve sustainability.<sup>15</sup>

Government senators believe that the sustainability of the sector rests as much with the invigoration of the sector overall as it does with the take-up of the financial reforms, which, in any event filter through to universities at a variable rate. The effect of the reforms will be to give more confidence to energetic vice-chancellors and to the new governing councils. It will be the culture change in university life and learning which will be the sustaining force.

## **Contentious issues**

Government senators do not shy away from three policies in this package: governance and administration, workplace relations, and voluntary student unionism. It is important to set out the contribution that the proposed reforms to governance, workplace relations and freedom of association, will make to the development of modern, flexible and well-managed institutions of higher education.

### **Governance**

The issue of governance has been considerably overplayed by the opposition. The majority report considers the issue in two parts: the administration of what will be the new Act, and the working relationship that will be developed between the Government agency DEST, and the universities; and the reformed governing bodies of the university.

While the bill outlines in close detail the powers of the Minister and the responsibilities of DEST and the universities, it is not to be taken that the practical functioning of the relationship so clearly defined will see any diminution of the processes of consultation and advice from universities. If the Minister were to exercise power in an arbitrary way the system would break down. The autonomy of universities is real and cannot be overridden by Ministers whatever powers they have without incurring considerable risks. It will be in the best interest of all parties, and certainly in the Government's best interests to ensure harmonious relations with universities. The Government is still bound to a policy of reducing 'red tape'.

The second element to governance is the reformation of university governing bodies. The evidence to the committee suggests that while this issue has excited the committee, it has not excited anyone else. There has been some academic discussion on the varying sizes of governing bodies, and the issue of representation versus board of directors models has been argued around. The question of the constitutionality of overriding state legislation has been raised, but without arousing much interest. Of far greater interest has been the attempts by the opposition to pose as champions of states' rights in an effort to galvanise the states into a show of indignation over them being forced to amend university foundation acts.

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15 Submission No.432, University of South Australia, p. 3

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Most state government officials who appeared before the committee were principally interested in putting a case for increased expenditure on universities in their states and they all argued that they were underfunded according to population, or population projections, or as a result of some statistical anomaly. They did not appear to be concerned about university governance, although all were well-informed about the issue. The Victorian officials took some pride in the fact that Minister Nelson had used Victorian Government legislation to assist the Commonwealth in drafting its own proposals.<sup>16</sup>

It is noted that as this report is tabled, the AVCC is attempting to reach a compromise on governance issues, and has agreed to the Government's main proposals.

### **Workplace relations**

This is a far more important question. Even so, the Government's position needs to be put into context. The Government requires that its workplace relations policy be extended to universities. Much of the debate has been about Australian Workplace Agreements (AWAs). The relevant provision simply requires that AWAs be available, that is, on offer, to employees should they wish to take them up. There is no suggestion that they be imposed, or even urged upon employees.

The NTEU opposes this provision as some kind of 'thin end of the wedge' but their agenda seems focused on maintaining their current industrial relations arrangements without appreciating that these reforms merely give university staff the same opportunities available to the wider Australian workforce.

### **An alternative policy**

One of the terms of reference for this inquiry was to consider any alternative policies. A number of submissions made suggestions, but most dealt with the proposals put by the Government in its bill. Some comments were made about the policy statement of the Opposition, which will be the concluding comment in this report.

When the committee last looked at higher education in its 2001 inquiry, the result was the unfortunately-named report *Universities in Crisis*, as inappropriate a title then as it would be today. The majority report was written in the fortunate circumstances of a Labor policy vacuum. The inquiry was run on a loose rein, being preoccupied with policy-free issues to do with alleged quality assurance problems, sundry scandals in the academies, and the iniquities of commercial ventures. Also to be noted was the total absence in the report of any reference to student support, addressed in the Government's current package.

The Labor Party now has a policy entitled *Aim Higher: Learning, training and better jobs for more Australians*, which shows that Labor has at least learnt something from

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16 Dr Terry Stokes, Victorian Department of Education and Training, *Hansard*, Melbourne, 2 October 2003, p. 18

the Government's drafting style. It is a conservative document because it shows all the signs of being a totally 'in-house' production, with perhaps a minor degree of assistance from the NTEU. For this reason alone, it is not to be regarded as an alternative policy to *Backing Australia's Future*.

Although there has been relatively little comment on the policy, the AVCC has done an analysis which should be noted. The AVCC analysis states that the Labor package has strengths, particularly in regard to public investment and indexation, but notes also that:

The package also has weaknesses. Labor has not taken the opportunity advocated by the AVCC to update the funding structure so as to give universities more flexibility to pursue their individual missions. Instead Labor prefers to rely on making the existing arrangements work better. Other than indexation, there is little extra direct investment to improve the quality of universities' existing teaching load, a key pressure point for all universities. The package too often relies on the centrally determined distribution of substantial programs, rather than supporting universities' capacity to determine their individual directions. Finally, the package shuts off some existing sources of private investment and makes no proposals to improve private investment.<sup>17</sup>

The majority report is a document with a short life span, whose findings are of transient relevance, and whose policy 'directions' point nowhere.

Government senators urge the passage of the Higher Education Support Bill 2003, and accompanying legislation.

### **Senator John Tierney**

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17 AVCC, *Fairness and Flexibility: Ensuring sustainable Australian universities for the future—An AVCC response to Aim Higher: Learning, training and better jobs for more Australians, the higher education policy of the Australian Labor Party*, September 2003, p. 1