

Forward from the Crossroads: pathways to effective and diverse Australian universities

THE AV-CC SUBMISSION
TO THE HIGHER
EDUCATION REVIEW

September 2002



Australian Vice-Chancellors' Committee
the council of Australia's university presidents

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(A.C.N. 008 502 930)

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The AVCC submission to the Higher Education Review

September 2002

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Foreword

We are going to have a proper examination and, when that examination is completed, we will be announcing policy which will be to the long-term benefit of the tertiary education institutions of this nation and to the long-term benefit of current and aspiring tertiary education students.

The Prime Minister, the Hon. John Howard, MP, *Hansard*, 20 June 2002

The current review of Australia's higher education sector, initiated by the Minister for Education, Science and Training, Dr Brendan Nelson, has provided a timely opportunity to reflect on the present state of our universities. As a nation, it is now critically important to consider how best our universities should develop to meet the demands and expectations of our students, business, industry, government, and the community at large.

The AVCC strongly advances the need for a flexible "Framework of Choice" that will support each university to excel in those areas of teaching, learning and research that it does best – and not encourage universities to be all things to all people. In short, we must maintain and grow a diverse sector of high quality.

The outcome of the review process should be to devise the structural base to underpin substantial re-investment in our universities from both public and private sources. We must reverse the current trend of inadequate public investment in universities. Investing in universities is as much a defence of the nation as defence expenditure itself.

Looking to the future, we have set down four symbols for the future that must be embraced as the core part of the reform process.¹ By 2020:

- Australia should be ranked in the top five nations for higher education excellence, investing at least two percent of GDP in its university sector;
- we should have at least one, recognised, world-class research centre in each significant academic field;
- higher education services should be one of the top three value-adding Australian exports; and
- over 60 percent of Australians should be completing higher education over their lifetime from a wide choice of quality universities, which would rank Australia amongst the best in the world for levels of university education. (The current figure is about 40 percent).

Each of these is achievable if the reform process we embrace today is underpinned by investment for the future.

The higher education review presents the nation with the opportunity to reshape Australia's university sector: to have diverse universities which are truly comparable to those around the world, open to all, relevant to student and national needs, and fully engaged with the wider community.

¹ AVCC, *Positioning Australia's Universities for 2020*, 2002.

The AVCC also recognises that the universities themselves must continue to embrace change over the decade ahead.

Forward from the Crossroads outlines the AVCC's responses to the seven issues papers released by the Minister for Education, Science and Training as part of the review process.² It canvasses some issues not well addressed by the review, and concludes by setting out the AVCC financing model and the issues that have shaped it.

The AVCC financing model provides the financing structure to achieve the AVCC vision for 2020 and, in doing so, addresses the issues raised by the review. It is the AVCC's position that our financing model should make up the essence of a future financing system.

The cost of inaction is high. As nations become more reliant on knowledge, skills, research and development for their social and economic development and sustainability, reform of and investment in Australia's higher education system is vital for our success as a society in the years ahead.

As Derek Bok – famous Harvard President and now University Professor at the John F Kennedy School of Government once said, “If you think education is expensive, try ignorance”.

Professor Deryck Schreuder
AVCC President 2002-2003 and
Vice-Chancellor and President
The University of Western Australia
26 September 2002

² *Higher Education at the Crossroads*
Striving for quality: learning, teaching and scholarship
Setting firm foundations: financing Australian higher education
Achieving equitable and appropriate outcomes: Indigenous Australians in higher education
Varieties of excellence: diversity, specialisation and regional engagement
Meeting the challenges: the governance and management of universities
Varieties of learning: the interface between higher education and vocational education and training

Executive Summary

Investing in the future

Australia's universities are now at a "crossroads". In response to Dr Nelson's review many paths have been identified as **the** way forward from the crossroads. The AVCC believes, however, that a single path, imposed across all universities, is not the answer. Universities need the opportunity to pursue many different paths. They need to be able to shape their courses, research, and approaches to teaching in order to achieve their missions. To do this, the governance and management structures of each university need to fit its mission.

Equally, universities cannot provide Australia with the necessary quality of education, research, professional training, research training, advice and regional support it needs for its future without access to the necessary resources. Investment and quality outcomes are inextricably linked.

Australia's universities have achieved much over the past decade. They have done so against ever tightening fiscal restraint, especially for their core teaching, learning, research and community engagement roles. Universities now face substantial challenges to build on those achievements over the coming decade.

Central to the creative achievement of university missions is the challenge of ensuring and improving the quality of student learning. The challenge is not to find a single solution and impose it across all students, courses and universities. It is to create the environment that allows for many different, but effective, approaches targeted at the needs of each group of students.

There are many aspects to meeting the needs of diverse sets of students. Expansion of the number of available places has provided more scope for all Australians to access university education. However, there remain some groups who are less likely to access university education. A particular challenge is the education of Indigenous students, with the number of Indigenous students actually falling. As students with disabilities come through from the school system in larger numbers, the resources pressure on universities to provide the necessary support is increasing rapidly.

Universities have many programs in place to redress these issues. More needs to be done, through strengthening of the incentives to meet the needs of these groups, and provision of the resources to do so.

All students need sufficient income to allow them to make the most of their education. Students are increasingly falling into two categories: those facing significant difficulty in surviving on student income support; and, alternatively, those who are struggling to find time for proper study as they meet the demands of full or part-time work required to earn an adequate income.

The Government needs to restructure thoroughly the student income support system so that it is effective in reducing the need for students to work excessive hours and so avert the detrimental effect on academic performance of heavy work commitments prompted by economic necessity.

Universities have led Australia in engaging with the global world we live and work in. The internationalisation of our universities – through our courses, our research and provision of student movement in both directions – must continue to develop. This requires further support for universities’ international activities, reduced barriers to international students, and active measures to increase substantially the number of Australian students including international education in their degree.

Universities are also part of the broader tertiary education system. Australians are increasingly likely to require both vocational training and university education. Universities have worked hard to improve access by graduates of VET to university and to ensure effective recognition of the knowledge and skills previously gained. More can be done to improve these arrangements, while VET needs to develop more effective arrangements for students moving from university to vocational training. Overall, the linkages between the two sectors must be built on a clear understanding of the distinct roles each has.

Universities cannot achieve these outcomes without an effective governance structure that guides each university in the directions it takes, and is capable of seizing opportunities that arise to advance each university’s mission. It is essential that universities’ accountability and regulatory frameworks, at both Commonwealth and State and Territory level, support, not hinder, universities’ capacity to undertake the full range of activities that achieve their missions. These arrangements must recognise that universities can contribute to Australia’s future through more than publicly funded teaching and research.

The present financing arrangements hamper universities. Public investment in universities is not sufficient for the national outcomes required. The allocation of publicly funded student places is too rigorously controlled by Government, restricting universities’ capacity to respond effectively to student demand. The funding incentives do not reward the pursuit of diverse missions but reflect a “one size fits all” approach.

Australia’s universities need more than additional resources. The heart of the present review is to devise the structural base to underpin substantial re-investment in our universities from both public and private sources.

The AVCC has developed its financing model to provide the needed framework for reform. Implementation of this framework, as set out in the model, will ensure Australia’s universities are well positioned to achieve the vision for 2020 so essential for Australia’s future.

Conclusions and recommendations

The main conclusions and recommendations of the AVCC in each section follow.

Section 2: quality through diversity

- | |
|---|
| <ol style="list-style-type: none">1. The challenge is to create the policy environment that allows for many different, but effective, approaches targeted at the needs of each group of students. It is not to find a single solution and impose it across all students, courses and universities.2. To create that environment, effective national investment in higher education is essential. |
|---|

- 3. The AVCC does not support any policy or funding proposals that would by intent, or result, re-establish the segregated, binary system of the 1980s. All Australia's universities actively engage in the wide range of inquiry, teaching, research and community engagement needed to underpin the emergence of modern Australia and to connect Australia to the rest of the world through international scholarship and the education of international students.**
- 4. The approach of all universities to learning is embedded in the fundamental interrelationship among teaching, learning, research and scholarship. The nature of the interrelationship means that the Government's core funding of universities must support the full range of scholarship expected of university academic staff. Core funding cannot be narrowed down, and reduced, to be for "teaching" alone if "university" is to retain any sensible meaning in Australia.**
- 5. The AVCC therefore supports the conclusion of section 2 of *Striving for Quality* that university education is distinguished by the extent of critical, conceptual and reflective thinking required of students. That thinking is enhanced in universities through teaching based on relevant scholarship and research. It is developed in the full range of students through the diverse missions of the universities.**
- 6. Universities have extensively changed the student learning environment over the past decade. They will continue to do so as they consider, try and, where proven, use new approaches to support effective student learning. The AVCC welcomes the clear implication of section 6b of *Striving for Quality* that this responsibility should be left to universities.**
- 7. The Government's proactive role is to provide support for the development of better teaching practice through effective funding of the Australian Universities Teaching Committee (or a similar body) and of projects to test and assess options.**
- 8. It also must act to review student income support arrangements to ensure that students have the financial capacity to complete their courses.**
- 9. The AVCC:**
 - agrees that universities must continue to develop the capacity of all staff to teach effectively and engage in relevant scholarship to support their work;**
 - rejects the notion that it would be useful to mandate external teacher accreditation. It believes that each university should define the appropriate qualifications and skills required of staff and ensure that staff either have or acquire them;**
 - believes that promotion to professor must involve evidence of international recognition of the applicant's leadership in their field whether that field is scholarship in the discipline, or scholarship in teaching of the discipline; and**
 - restates unequivocally that research and scholarship must underpin teaching to provide an effective university education.**

10. The AVCC believes that it is essential to streamline reporting and accountability requirements while ensuring effective assessment of universities' individual achievements. Such an outcome must clearly meet the AVCC working principle that the funding and regulatory arrangements "should focus universities on their declared mission" and "should encourage universities to be responsive to the needs of ...students".

11. The AVCC does not support Government requirements for students to sit the Graduate Skills Assessment.

12. The AVCC supports ongoing university developments to:

- **make explicit the standards expected for each course;**
- **use criterion-based assessment;**
- **encourage discussion about student learning outcomes and assessment across universities by staff in related fields;**
- **increase the extent of external validation or comment on the standards and their application; and**
- **use a common grading scale.**

13. The AVCC does not support:

- **formally constructing national standards; and**
- **developing a single, formal, external validation that specified standards are being applied.**

14. The AVCC believes that the Government should consider the creation of a national data agency to collect and publish all higher education data to provide basic public information on the outcomes and performance of Australia's universities and higher education providers.

Section 3: equity of access to universities

15. To build on the advances that have been made in equity of access to university, the AVCC proposes that:

- **there be substantial, contestable, funding to support and reward the enrolment and graduation of students from designated under-represented groups;**
- **further expansion in the overall number of places; and**
- **enabling courses remain HECS free and funded through core funding to maximise participation by students from under-represented groups.**

Section 4: indigenous Australians in higher education

16. The AVCC recommends:

- that the Government act to review student income support arrangements to ensure that Indigenous students have the financial capacity to complete their courses; and
- the establishment of Centrelink offices on university campuses to improve awareness of income-support entitlements so that Indigenous students can take advantage of them.

17. The AVCC recommends improved financial support for universities to help them to support Indigenous Australians to enrol and successfully complete their qualifications.

18. The AVCC recommends that:

- enabling courses remain HECS free to maximise participation by Indigenous Australians;
- universities continue to be able to fund enabling courses through core funding; and
- Aboriginal Tutorial Assistance Scheme funding and mentoring be made available to Indigenous students in enabling courses.

19. The AVCC recommends that the Government establish additional new Australian Postgraduate Awards specifically for Indigenous postgraduate students.

20. The AVCC recommends that the Government support ongoing funding for Indigenous Higher Education Centres, whether they be existing Centres or others that come forward through a competitive selection process.

21. The AVCC recommends that the Government establish an Indigenous Advisory Council to assist the Minister for Education, Science and Training in the area of Indigenous higher education.

Section 5: an effective system of student income support

22. The AVCC recommends that the Government restructure the income support system so that it is effective in reducing the need for students to work excessive hours and so avert the detrimental effect on academic performance of heavy work commitments prompted by economic necessity.

Section 6: the value of international education

23. The effective internationalisation of Australia's universities is vital to the future well-being of the Australian community in an increasingly globalised economy, work force, and society.

24. To achieve effective internationalisation of Australia's universities, the Commonwealth Government should:

- promote Australian education internationally, including through bilateral Government to Government agreements;
- work with universities to improve community understanding of the value of internationalisation of Australian universities;
- reduce visa and related charges on international students;
- support universities achieve a target of 20% of Australian students who include international study in their course; and
- establish awards for excellence in international education.

Section 7: effective linkages between universities and vocational education and training

25. Universities have led the way in the improvement of national coherence in the treatment of applications by students entering undergraduate university courses who seek credit for previous vocational education and training.

26. The AVCC agrees that it is important to build further on existing pathways for VET graduates seeking university entry and for combined awards. The focus should be on:

- improving universities' capacity to distinguish among VET graduates through effective grading of VET outcomes;
- improving information on available pathways and credit levels; and
- piloting higher education sub-degree programs.

27. More effort is required to establish consistent recognition by the VET sector of specific and generic skills gained through university study.

28. The AVCC supports the Australian Qualifications Framework being re-formulated so that each award can be accredited through one sector only. This will provide a clearer delineation between the sectors based on the qualifications offered.

Section 8: the governance and management of universities

29. It is essential that universities' accountability and regulatory frameworks, at both Commonwealth and State and Territory level, support rather than hinder universities' capacity to undertake the full range of activities that achieve their missions.

30. It is important to find the right balance between external accountability that maintains public confidence in the operation of each university and each university's capacity to set its own direction to achieve its objectives.

31. Universities' involvement in activities that are privately funded extends their contribution to Australia's longer-term well-being, but also challenges some of the assumptions behind existing accountability requirements.

32. The focus for reform should be to ensure that governing bodies are able to deal effectively with the full range of university activity.

33. The Commonwealth, State Governments, and the AVCC through MCEETYA, should develop streamlined reporting arrangements to both levels of Government that focuses on essential information requirements and removes restrictive regulation and administrative overload.

34. The membership of university governing bodies must reflect the skills and attributes required for an effective university governing body. Given the complex set of university roles, the range of skills and attributes required is wide.

35. In consultation with the AVCC, the States and the Commonwealth should develop a clear and explicit statement of the desired properties of an effective governing body.

36. Reform of governing bodies, where required, should focus on:

- ensuring all governing bodies have the power to select some of their own members such that governing bodies possess the necessary skills and attributes; and
- ensuring all members act in the best interests of the institution, and not as delegates representing the vested interests of particular groups.

37. Universities require realistic financing arrangements and other targeted changes, to work within the enterprise bargaining framework to develop appropriate salaries and conditions for staff and more flexibility in categories of employment.

38. To support this the Government should:

- quickly finalise universities' second round applications for the Workplace Reform Program, noting the limitations of the program as identified in the issues paper; and
- improve industrial legislation by providing clearer guidance to the Australian Industrial Relations Commission on the circumstances in which it might intervene in industrial action. The guidance should emphasise the centrality of collateral, or third party, damage thus giving primacy to the welfare of key stakeholders such as students.

Section 9: financing effective Australian universities

39. Australia will not be able to continue to provide the necessary quality of education, research, professional training, research training, consultancy and regional support it needs for its future, at present levels of funding.

40. Australia's universities need more than additional investment and resources. The way in which public investment is distributed to universities needs reform that will underpin the diversity of universities' individual missions.

41. The AVCC's financing framework provides the needed context for reform.

42. As part of the reform outcomes, State Governments should remove payroll tax from universities.

AVCC university financing model

1. Each university is funded for a range of publicly funded student places, with the range set each year in response to factors such as student demand, participation rates and university performance. Over time, student numbers at different universities will increase and decrease.
2. Each university receives a base grant for its core activities of teaching, research and community engagement. No university will receive less for its existing profile of student load.
3. To improve quality, the core grant increases each year.
4. To meet existing demand, the number of funded places will increase through to 2007.
5. The core grant is indexed by an indexation factor equal to the indexation applied to school funding, to maintain the core grant's real purchasing power into the future.
6. There is a standard student contribution (HECS) for Government funded places set at the current rates and indexed. Universities are able to vary, up or down, the HECS rate for each course, acknowledging that the Government sets an upper and lower limit to the amount by which the contribution may be varied.
7. Universities are eligible for performance driven funding to support and reward the enrolment and graduation of students from designated under-represented groups. Funding is substantial and – at least – matches the total income raised by universities from HECS contributions above the standard contribution.
8. There is an effective mix of core research funds and competitive project and infrastructure research funds. Core funding increases each year and is distributed based on an evaluation of each university's relative research performance and potential. Project funds are distributed based on competitive assessment of project proposals.
9. The distinct regional roles and obligations of universities are promoted through contestable funds specifically provided and targeted for such purposes.
10. To encourage specialisation, diversity and efficiencies within universities – through rationalising courses, removing unnecessary overlap, preserving important but otherwise unviable disciplines, and forging partnerships and strategic alliances – there are contestable funds specifically provided and targeted for such purposes.
11. Reformed student income support arrangements ensure that students do not need to work long hours to support themselves, but have sufficient income to work effectively at their studies. The reformed arrangements will in particular provide for students who need to move residence to attend university.
12. A diverse, sustainable and world-class university sector is further supported by government policies to help universities maximise revenue from philanthropy and activities such as international students, consultancy, and commercialising intellectual property.

1. Australia's universities – the challenges ahead

As the review process nears completion, it is important to look at the state of the nation's universities: what they have achieved since the last major restructure of the system, and what major challenges they now face.

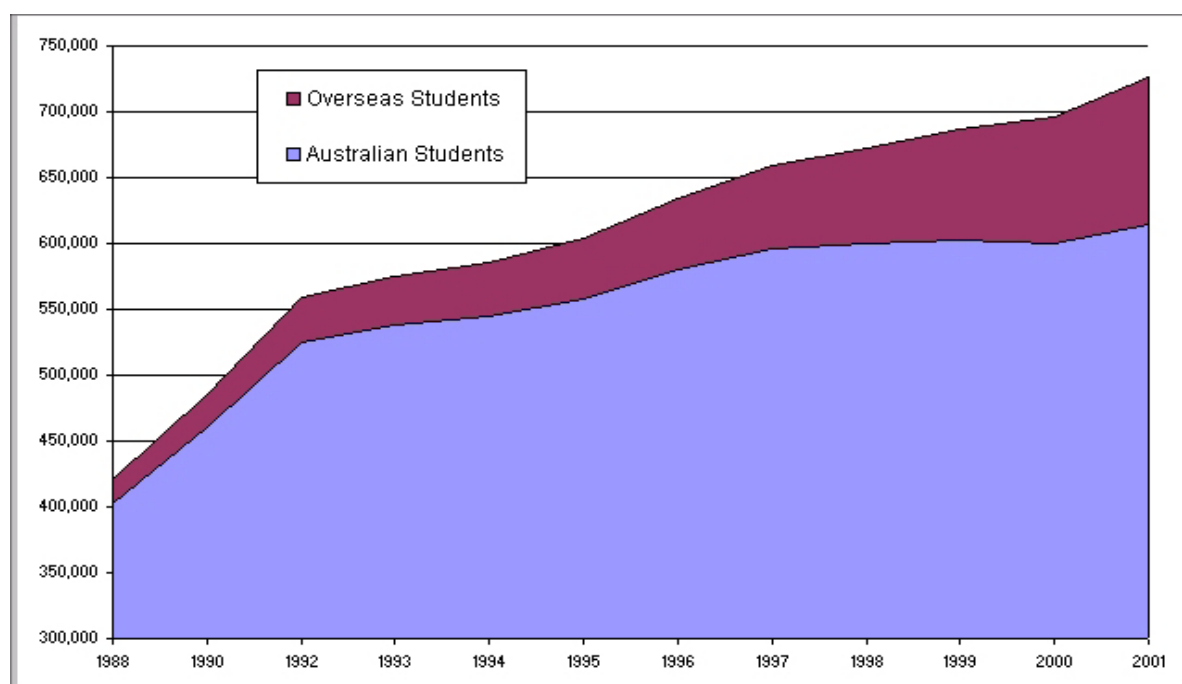
The data in the issues papers show a university sector which has achieved a great deal over the past fifteen years, and which has continued to evolve at an even greater pace over the past five years. They also show a university sector facing significant challenges. Many of these challenges spring from the tension between rising costs and reduced funding for universities' core teaching, research, and community engagement roles.

Students

Since the Dawkins reforms of 1987 the number of students in Australia universities has increased dramatically – from just under 420,000 in 1988 to almost 730,000 in 2001, of whom 614,000 are Australians (Figure One). In the past decade more than 1.3 million students have graduated from Diploma, Bachelors degree, Masters and Doctoral programs in Australia, and for each of the past five years more than 145,000 students have graduated.³

Since 1991, 965,000 Australian students have completed Bachelors degrees, 357,000 completed postgraduate coursework degrees, and almost 35,000 were awarded higher research degrees. More than 15% of Australians now have a degree or higher qualification.⁴

Figure One: the growth in Australian and overseas students, 1988-2001



Source: DEST, *Students 2001: Selected Higher Education Statistics* (2002)

³ Unless otherwise indicated, all figures in this section are from the Department of Education, Science and Training, *Students 2001: Selected Higher Education Statistics*, 2002.

⁴ See ABS, *Australian Social Trends 2002 – Education – Educational Attainment: Education and Training: International Comparisons*.

Australian universities have worked hard to improve access for students from a broader range of backgrounds, and with diverse needs. In 2001:

- there were about 215,000 Australian students from the equity groups of students with disabilities, students from remote and rural areas, Indigenous students, students from low-socio-economic backgrounds and students from non English speaking backgrounds who entered Australia within the last ten years;
- more than 86,000 non-overseas students spoke a language other than English at home;
- 7,300 Indigenous students were enrolled in university courses; and
- more than half of all Australian commencing students were admitted to university by means other than completion of year 12 – that is, through previous university studies, VET, university competitive examinations, previous education, or experience.

In all of the above cases, access to university study has improved over the past decade.

Each year for the past decade students successfully completed more than 85% of undergraduate units, and more than 90% of postgraduate coursework units.⁵ However, not all students go on to complete their degrees: some leave because of financial or social pressure, or because they are able to obtain suitable employment with a partially completed qualification.

The students who do graduate reap the benefits of earning a degree. Average graduate starting salaries are just under \$35,000, or around 85% of average weekly earnings.⁶ Graduate salaries have kept up with average weekly earnings, despite the presence of more graduates in the workforce increasing the real level of average wages.

The high employment level of graduates, both in Australia and internationally, attests to the value of their education. Graduates' knowledge, skills, and other attributes are the foundation of their future employment – not just for one job but for many over the course of their working lives. This requires knowledge of the field as it stands at graduation; equally important, it requires the capacity to learn new knowledge in the future.

The interdependence of universities, employers and professional bodies is evident from the involvement of industry and business leaders in course development, the accreditation of professional courses by the relevant professional bodies, and the inclusion of work based learning components in many courses.

But the growth in student numbers has created many challenges for universities, and has many serious implications for students themselves.

- In 2002 about 10,000 to 17,000 eligible applicants missed out on a university place.⁷ This is despite universities over-enrolling by an average of 30,000 students over the last five

⁵ DEST, *Striving for Quality: Learning, Teaching and Scholarship – Selected Statistics*, 2002.

⁶ At August 2002 – see the Graduate Careers Council of Australia *The Grad Files*, 2002 and Australian Bureau of Statistics, *Average Weekly Earnings*, Cat. No. 6302.0.

⁷ AVCC, *Survey of Applicants for Undergraduate Higher Education Places*, 2002
http://www.avcc.edu.au/policies_activities/resource_analysis/key_stats/index.htm.

years.⁸ Demand is likely to intensify in the coming decades as the requirement for university education increases in most areas of employment. Growth in enrolments will need to continue if Australia is to have the educated and skilled workforce it requires.

Yet the number of fully funded places has remained static for some years. It is a major challenge for universities to meet the increasing demand while maintaining appropriate resources to ensure quality. This is an especial issue in regions with strong demographic growth in the 17 to 25 age group.

- Staff-student ratios in Australian universities have deteriorated from 14.3 students per university teacher in 1990 to 19.9 students per teacher in 2001. Students now have less contact with staff. Over-crowded lecture theatres and tutorials are a constant concern. Staff have less time to attend to individual student needs, or to devote to their own on-going scholarship and professional development, limiting their capacity to fully develop the quality of their teaching.
- Universities' capacity to shape courses and teaching to the range and expectations of the students enrolling, is restricted by current levels of resourcing. According to the Graduate Careers Council of Australia, student satisfaction with their courses remains high, and levels of dissatisfaction have been falling,⁹ but in part this may reflect students' lower level of expectations.
- Overall, universities teach a wide range of subjects, but within each institution the range is smaller. Across the sector there is a sensible approach to providing each discipline in a number of universities, and providing alternatives where demand allows. However, with increased pressure to rationalise there is considerable risk that alternative approaches to a given discipline will be lost, while students will be forced to move residence to access the course most suited to them. Appendix Two provides more information on the range and provision of subjects taught by Australian universities.

International success

Australian education across all education sectors generated \$4.2 billion in export earnings in 2000-01, making it Australia's ninth biggest export earner,¹⁰ with universities the dominant providers of education services. The number of overseas students has doubled in just the past five years. In 2001, some 120,000 overseas students attended Australian universities – about 15% of the total number of students.¹¹ In 1998, 8% of all people studying outside their home country were doing so in Australia; this proportion has increased over the past few years.¹² These students provide an important source of revenue for universities, without which many courses would not be offered at all. They also enrich the cultural and social life on campus, and in the wider community¹³.

⁸ DEST, *Higher Education Report for the 2001 to 2003 Triennium*, 2002, Table 4.3 (pp 104-5).

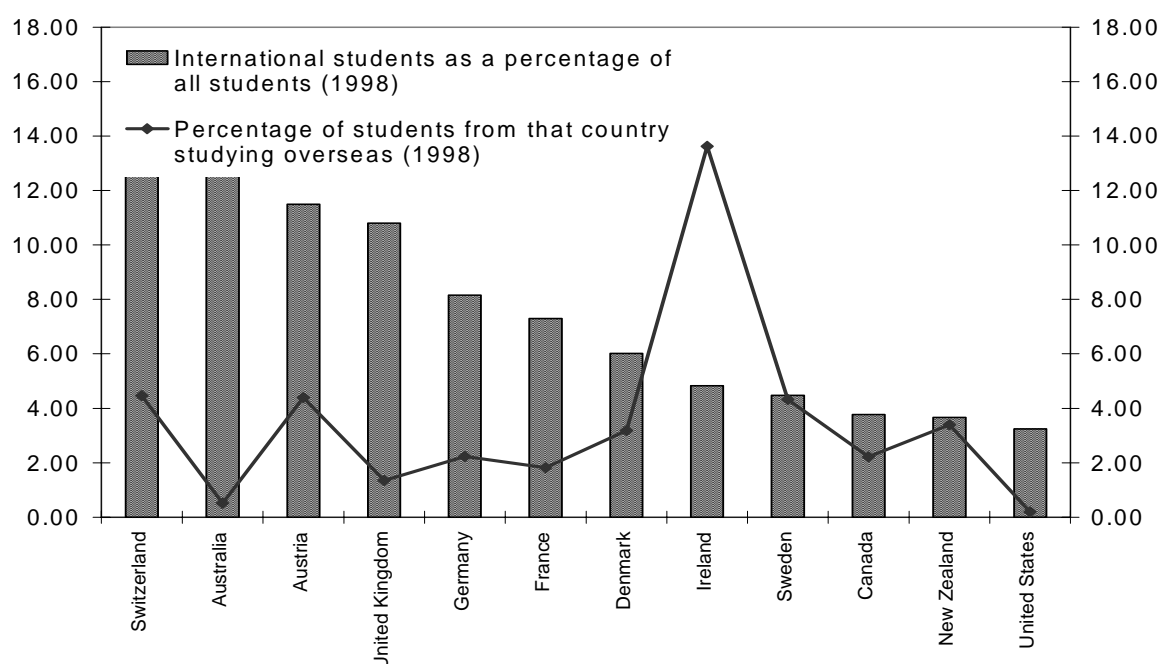
⁹ GCCA, *The Grad Files*, 2002.

¹⁰ See ABS, *Balance of Payments and International Investment Position*. Cat. No.5302.0.

¹¹ DEST, *Varieties of Excellence: Diversity Specialisation and Regional Engagement – Selected Statistics*, 2002

¹² OECD, *Education at a Glance*, 2000.

¹³ See also ABS, *Australian Social Trends 2002 – Education – Participation in Education: Overseas Students*.

Figure Two: The international flow of students

Source: OECD Education at a Glance 2000

Many Australian universities have established offshore operations to meet the demand for university education in many countries that local institutions cannot meet. This has been the strongest growth area in recent years and is likely to continue to grow strongly. In setting up such operations Australian universities are leading the internationalisation of education.

The 180,000 overseas students who have graduated from Australian universities in the past decade report high levels of satisfaction with their education and experiences in Australia; many of them become de facto ambassadors, providing an invaluable network of contacts for Australian businesses and industries. A high proportion of skilled migrants to Australia are graduates of Australia's universities.

We cannot assume that current growth trends in this area will continue. Australia is the most competitive exporter in the market for educational services¹⁴ – but we face increasing competition from the US, Canada and the UK. Although exchange rates sometimes work in our favour, we cannot assume cost to be the sole factor governing choice: overseas students have expectations of quality and value for money that must be met. This requires that the education that Australians receive must remain of a quality that attracts international students in a highly competitive market.

Conversely, very few Australian students study overseas, even for part of their degree: in 1998 around one half of one percent of Australian students were studying overseas (see Figure Two).¹⁵ Successful internationalisation of Australian education requires more of our own students to study overseas – and therefore, more opportunities and funding for them to do so.

¹⁴ OECD Working Paper *Trade in Educational Services: Trends and Emerging Issues*.

¹⁵ OECD *Education at a Glance 2000*.

Research

Australia's universities do much more than teach students: they are the engines of the national innovation system through research in a wide range of fields. Australia's reputation in some disciplines is truly world class – but our standing in many others should be higher.

Universities have traditionally focused on basic research and development. Over the past decade, however, Australia's universities have become more involved with the private sector and the community. They balance the more traditional forms of basic research with contract work, consulting, and research projects involving specific commercial objectives. A major outcome is increasing numbers of patents, spin-off companies, and jobs.¹⁶ Many projects involve collaborative work with industry, government, and other universities.

Increasing contract research for the private sector presents some challenges. Universities need to maintain a proper balance between commercially oriented research and pure or basic research. Added to the mix is the need to carry out strategic research, aimed at producing defined long-term benefits, as well as the applied research and experimental development that is an essential – and often expensive – last step before commercialisation. In Australia, it is universities that carry out most of this research.

Grants from bodies such as the Australian Research Council (ARC) and the National Health and Medical Research Council (NHMRC) – referred to collectively as national competitive grants – cover only 34% of the costs of the projects they sponsor.¹⁷ The rest of the funds must come from universities' core funding. *Backing Australia's Ability*¹⁸ is adding substantially to research funding, but mainly in the form of increased funding for national competitive grants. Core research funding for universities remains static, with little invested to strengthen the underlying research capacity of universities.

Many of the initiatives announced in *Backing Australia's Ability* also require universities to commit a certain level of funding before they are eligible for matching funds from Government programs. Those funds have to be taken from elsewhere in the university. Universities are now reaching the stage that they can no longer afford to leverage funds for these programs without cutting into core teaching, research and community engagement activities. Without further investment in core research funding universities risk being unable to provide the research base for applied research and experimental development.

Income and expenditure

In *Setting Firm Foundations*, the review issues paper dealing with the financing of higher education, it is claimed that “The general financial position of the higher education sector as a whole...was sound [in 2000]”.¹⁹ But university financial figures – supplied in the same document – challenge that view: operating margins are smaller than in the past, the ratio of debt to current assets is falling, and borrowings are rising. Overall, both revenue and expenditure are rising but the net annual balance is shrinking.

¹⁶ See ARC, NHMRC, CSIRO, *National Survey of Research Commercialisation, year 2000*, 2002.

¹⁷ ARC Submission 341 to the Higher Education Review, para 3.11.

¹⁸ Commonwealth Government, *Backing Australia's Ability: An innovation action plan for the future*, 2001.

¹⁹ DEST, *Setting Firm Foundations*, 2002 (Para 48).

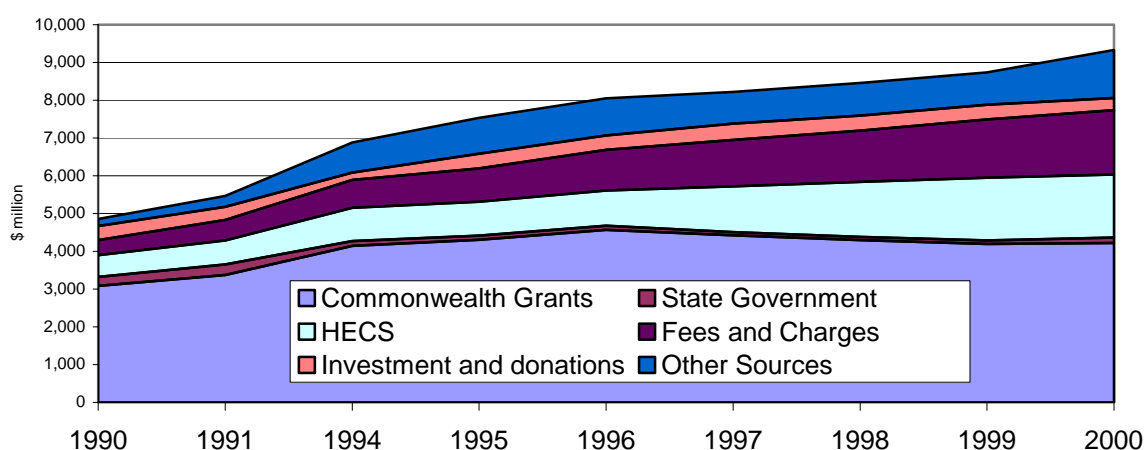
The major issue for universities is the capacity of Government funding and HECS to cover the costs of their core teaching, research, and community and regional engagement activities.

In 2000, the Federal Government, in effect, fixed 64% of university income. It sets the operating grant, including HECS, accounting for 49% of revenue.²⁰ Universities cannot increase either funding or student payments, regardless of the expenditure required for a fully effective education. A further 15% of university income is provided through national competitive grants. The terms under which research grants are awarded stipulate the salary levels at which research staff can be paid, preventing universities from paying staff their real salaries using grant funds. To attract and retain the best staff universities must therefore draw on other income sources.

University income from non-Commonwealth sources and excluding HECS has grown, such that it is now 36% of income and activity (see Figure Three). It continues to grow largely as a result of universities' privately funded activities, notably teaching international students, teaching fee paying Australian postgraduate students, and privately supported university research and development – all of which reflect the extensive role that universities now play in the Australian economy. This income is generated in return for specific services provided by the university. The cost of providing those services consumes the bulk of the income received. It is not a replacement for low levels of Government investment.

The purpose of all these activities is to contribute to the nation – not to make a profit. But Government funding does not cover the reasonable costs of the activities it is meant to support. The end result is that all universities struggle to find the resources necessary to carry out the various functions expected of them. They must contain costs, to keep expenditure within income, leading to under-investment in equipment, information resources, and staff. Under-investment simply reduces the outcomes produced.

Figure Three: the changing sources of university income, 1990 to 2000



Source: Prior to 1993, DEET "National Report on Australia's Higher Education Sector", May 1993 (Table 4.6); from 1993 onwards, DEST *Selected Higher Education Finance Statistics*.

²⁰ *Setting Firm Foundations*, Figure 1.

Added to this, is the difficulty universities have in obtaining State Government approval to borrow funds because of the tendency to treat universities not as autonomous organisations but as departments of state.

University assets

Australia's universities have almost \$23 billion in assets, many of which – libraries, theatres, and sporting facilities – are in frequent use by the general public. Contrary to the case asserted in *Higher Education at the Crossroads*,²¹ university facilities are in use every day of the week, at nights, and throughout the year.

It has been suggested that universities' financial positions could be improved by borrowing against their assets. Many universities are already doing so – as is noted in *Setting Firm Foundations*. However, the issues paper does not make clear what proportion of this has been for long term investments for the university and how much to cover short-term financial shortfalls. Many of these assets have associated high maintenance costs which cannot be deferred or defrayed – and are in any case essential to the performance of core teaching and research activities.

The very nature of university assets makes borrowing difficult. These assets are, in a very real sense, public assets, and however they may be valued their value is largely unrealisable. Traditional lenders have shown some reluctance to deal with universities because of this even where the relevant State Government has given approval, something that is not easily obtained in most States.

Conclusion

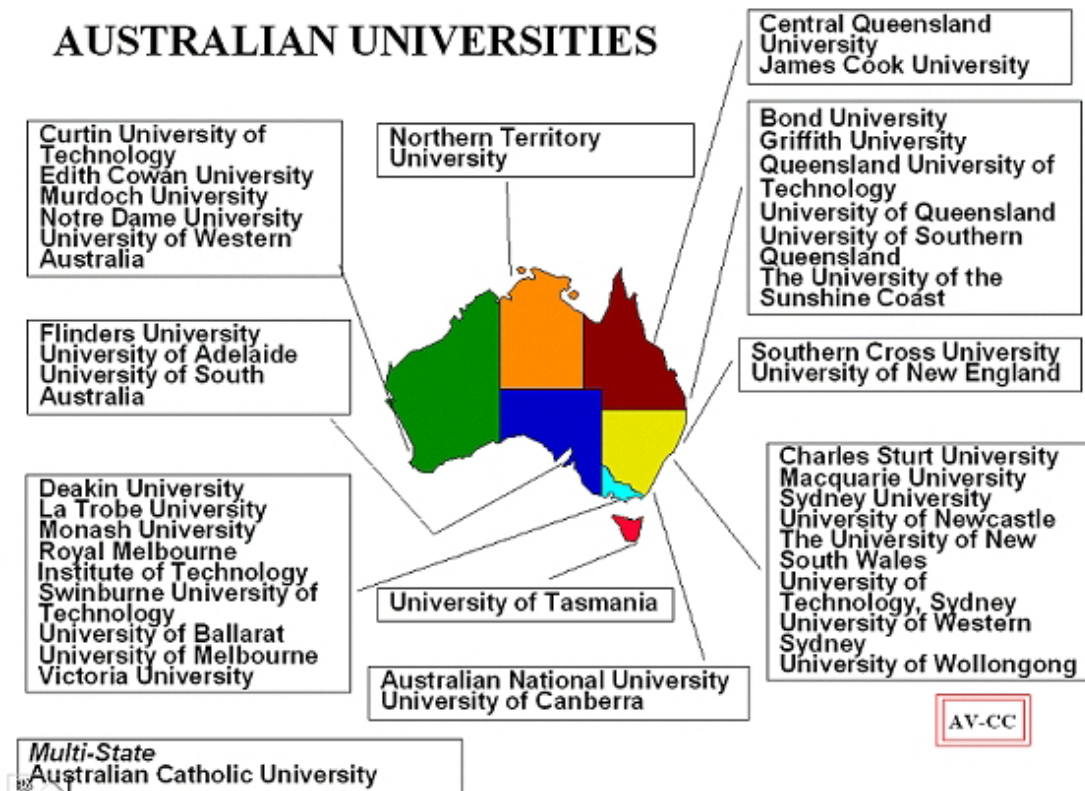
This section has demonstrated the considerable challenges that face universities if they are to build on the achievements of the past fifteen years:

- to provide the diverse range of courses required by future cohorts of Australian students in sufficient numbers;
- to build on universities' strong international base; and
- to support the core research capacity of universities.

Universities require further investment in their core teaching, research and community engagement activities to underpin their future capacity to serve Australia through provision of a diverse, effective university sector.

²¹ Para 130.

Figure Four: Australia's universities



2. Quality through diversity

Striving for Quality is concerned with “maintaining and improving the quality of learning and teaching in Australian higher education institutions, and introducing better reporting on educational outcomes to the community”. It argues that quality can be improved through a stronger focus on learning and improvements to the teaching skills of university teaching staff. It also argues that prospective students and the community require better access to information about the outcomes of university education.

Quality of learning is an integral part of the AVCC vision for 2020.

- The challenge of providing a quality education to 60% of the population is substantial. It requires universities to adapt to the mass provision of higher education while ensuring the quality of learning for all students. To do this, it is essential that universities pursue a diverse set of missions that fit the wide range of student, employer and community needs for university education.
- The continued success of Australia’s education of students from around the world depends on universities continuing to provide quality learning designed to meet the needs of those students.

The AVCC has consistently argued that there is no single solution that will ensure that the vision is achieved. This argument applies equally to questions of ensuring and improving the quality of student learning.

- 1. The challenge is to create the policy environment that allows for many different, but effective, approaches targeted at the needs of each group of students. It is not to find a single solution and impose it across all students, courses and universities.**
- 2. To create that environment, effective national investment in higher education is essential.**

This section addresses the issues raised by *Striving for Quality* under four headings:

- the distinctive characteristics of university education;
- developing the student learning environment;
- improving the teaching knowledge and skills of staff; and
- measuring student learning.

The distinctive characteristics of university education

3. The AVCC does not support any policy or funding proposals that would by intent, or result, re-establish the segregated, binary system of the 1980s. All Australia's universities actively engage in the wide range of inquiry, teaching, research and community engagement needed to underpin the emergence of modern Australia and to connect Australia to the rest of the world through international scholarship and the education of international students.

4. The approach of all universities to learning is embedded in the fundamental interrelationship among teaching, learning, research and scholarship. The nature of the interrelationship means that the Government's core funding of universities must support the full range of scholarship expected of university academic staff. Core funding cannot be narrowed down, and reduced, to be for "teaching" alone if "university" is to retain any sensible meaning in Australia.

5. The AVCC therefore supports the conclusion of section 2 of *Striving for Quality* that university education is distinguished by the extent of critical, conceptual and reflective thinking required of students. That thinking is enhanced in universities through teaching based on relevant scholarship and research. It is developed in the full range of students through the diverse missions of the universities.

Distinguishing university education from vocational education and training

Section 2 of *Striving for Quality* considers the distinctiveness of higher education from other post school education and training. It discusses "the apparent convergence of purpose and role of the higher education and vocational education sectors".²² This concern is driven by an apparent similarity of purpose in providing "education and training for work".

In recent decades new professional degrees have been introduced into universities such as nursing, social work, information technology, and tourism. Because of their more recent inclusion there is still some debate about whether university education is the best way to educate for these professions. Generally though, there is agreement that both the knowledge base, and the level of critical thinking, required of those being educated for these professions justify their placement as university courses.

We should not be driven by terminology. That one sector is called "vocational education and training", as a rough descriptor of its dominant purpose, does not mean that vocational education and training cannot – or should not – occur in universities as part of a broader educational qualification. Nor does it assist in deciding which vocations should formally be "vocational". Likewise, to the extent that "professional" describes university degrees and "vocational" non-university qualifications, neither term defines which vocational fields should be included in each sector.

There is no set list of professions that require university teaching. The British universities began from the need for a more advanced level of clerical, legal and theological knowledge for the clergy than was possible either in the schools of the time or through learning from

²². *Striving for Quality*, para 9.

those already practicing. While the majority of students gained the required skills and knowledge and moved away, some chose to explore the knowledge base itself.

This pattern has been repeated many times since, as the requirements for particular professions have extended to include substantial elements of critical inquiry, problem solving and learning. Medicine, law, engineering, architecture, among others, are now considered, without question, as university courses.

It is clear that the requirements for successful employment continue to become more complex, demanding greater levels of formal education and training. The education system as a whole has to continue to develop to meet these changes. The line between which occupations require university-based teaching and which do not will continue to shift, based on the extent of the predominant need for critical, conceptual and reflective thinking compared with the skill based requirements.

The link between student learning and scholarship

The capacity to develop critical, conceptual and reflective thinking is dependent on strong, ongoing links from inquiry, scholarship and research to teaching and learning. This characteristic distinguishes university education from other higher education courses. *Striving for Quality* discusses this issue in section 6c where it states that “research based teaching is more rhetoric than substance”,²³ an observation the AVCC unequivocally rejects.

There has been much written on this issue,²⁴ usually to test the correlation of leading researchers to good teachers. Ruth Neumann has concluded that academics, identified by students as good teachers, are almost invariably active in research, though not the converse.²⁵ However, this does not directly address the real issue of whether all university courses do – or should – involve a knowledge base reliant on research and be taught by people who know what it is to research, who can integrate the knowledge base of the field, and who are capable of inculcating critical, conceptual and reflective thinking through use of that scholarship.

An effective university education should involve the student exploring the nature of their particular field, understanding that the field continues to develop, and being encouraged to test accepted positions. This characteristic of Australian university education is important to students, including international students from countries where the research base of courses is not strong.

It is, therefore, the challenge for every university to ensure that in each course a suitable mix of staff engage with students to fulfill the expectation that teaching is indeed research-based, including in the early years of degrees. The focus is the relevant department, school or university unit responsible for the course, not each individual teacher, given that each individual's emphasis will likely change over time. To meet this challenge universities need a resource base with sufficient flexibility to support the desired mix of skills in each department or school.

²³. *Striving for Quality*, para 240.

²⁴. In addition to those noted in *Striving for Quality* relevant Australian research includes P Coaldrake and L Stedman, *Academic Work in the 21st Century*, DEST Occasional Papers 99H; A Zubrick, I Reid, and P Rossiter, *Strengthening the Nexus Between Teaching and Research*, DEST EIP 01/2.

²⁵. 'The Teaching-Research Nexus: Applying a Framework to University Students' Learning Experiences', *European Journal of Education*, Vol 29, No 3, pp 323-338, 1994.

The meaning of diversity for Australia's universities

A further, distinctive aspect of Australia's universities is their diversity. This is essential to meeting the requirements of the changing contexts and patterns of student enrolment, engagement and expectations as set out in section 4 of *Striving for Quality*.²⁶

“Diversity” means that each institution's mission sets its own emphasis on each of the multiple responsibilities a modern university has within each of teaching, research, scholarship, and community engagement. The result should be a complex and varied set of institutions, with interacting interests providing the choice, competition, and coverage that students, business, governments and community require. Data on the diverse provision of courses across fields of study is at Appendix Two.

This means that universities enrol students with different sets of characteristics, they have different entry level requirements for similar courses, they have different expectations of the outcomes from particular courses due to different emphases, the modes of teaching vary considerably, and so on. Some of these point to different ways to the same end; others indicate that different ends are desired. By doing so, universities ensure that students have options in how they learn.

The AVCC concept of “diversity” contrasts with the perspective of *Higher Education at the Crossroads*,²⁷ which argues for a narrow university “specialisation”. The latter implies that each university pursues one or two major areas, minimising any others; diversity encourages universities to engage in a number of areas, but developing their particular approach to each. This ensures a healthy range of competing options for students in each field. What both concepts have in common is an acceptance of difference among universities and a focus in areas of strength of community need.

Developing the student learning environment

6. Universities have extensively changed the student learning environment over the past decade. They will continue to do so as they consider, try and, where proven, use new approaches to support effective student learning. The AVCC welcomes the clear implication of section 6b of Striving for Quality that this responsibility should be left to universities.

7. The Government's proactive role is to provide support for the development of better teaching practice through effective funding of the Australian Universities Teaching Committee (or a similar body) and of projects to test and assess options.

8. It also must act to review student income support arrangements to ensure that students have the financial capacity to complete their courses.

²⁶ The nature of the student body clearly changes from decade to decade. However, the assumption in Section 4 that the student body used to be full-time, live-at-home, school leavers is not supported by the data over a longer period than from 1991 to 2001, the period considered in *Striving for Quality*. In 1983 DEST figures show full-time students as 54% of the student body compared to a high of 62% in 1990 (DEST, *Selected Student Statistics 1998*, table 3). The reduction to 59% by 2001 is only a part return to previous levels. This reinforces that a substantial proportion of Australian university students have long been mature-age, part-time students who, in particular, are seeking learning to support their future aspirations.

²⁷ DEST, 2002.

Section 6b of *Striving for Quality* considers the student learning experience and environment. The paper rightly acknowledges that there have been significant developments in teaching and learning in Australian universities, with the drive for that development coming from within universities. This has been done against reduced effective purchasing power and consequent rising staff workloads. The challenge is how to ensure that development will continue.

The AVCC agrees that the focus for teaching must be on students and how their learning needs can best be met. This concern underlies the AVCC's argument to support the diversity of universities, allowing them to pursue different approaches and, within each institution, target their teaching to the needs of each set of students. In this way the various options - such as modularisation, foundation years, capstone years, on-line learning, and international exchange - are considered, tried and, where useful, used. In addition, each university supports its teaching and learning focus through specific centres, units, staff and policies.

Overall, the section - rightly - does not propose substantial external intervention: the particular way in which learning should be supported is a question for each university, each course and each class.

The primary issue is to ensure that universities are encouraged to maintain their focus on the learning of their students through a funding framework that strengthens their capacity to set their particular missions and gives access to the necessary resources to achieve those missions.

The section also raises some points that require further comment.

Student attrition rates

All universities recognise the need to monitor student progress and to support students with difficulties meet the requirements of their courses. The evidence shows that students pass over 85% of units of study, and have done so consistently over the past decade.²⁸ The issue is students' capacity and need to complete all units for a degree.

One major problem for students, ignored by the Review, is their financial capacity to continue study. The AVCC study *Paying their Way*,²⁹ has demonstrated that financial pressure can significantly impede students' study through the need to work, difficulty in finding childcare and the costs of transport. It is reasonable to extrapolate that one reason for students deferring, or not completing, their degree is that financial pressure makes work, rather than study, the necessary option, at least in the short term. The review must consider student income support if it is seriously to engage with the question of the conditions for effective student learning.³⁰

The structure of the student teaching year

Having replaced the traditional three term year with a two semester system, many universities now offer "third" semesters, or similar options, to allow students to complete

²⁸ *Striving for Quality*, para 186.

²⁹ M. Long and M. Hayden, *Paying their Way*, 2001
http://www.avcc.edu.au/policies_activities/teaching_learning/students/.

³⁰ See Section 5 of this document.

their degrees more quickly or at different times of the year. Additional teaching periods can be valuable in increasing flexibility, not as a requirement for all students but as a useful option for many.

University study is not just about acquiring the minimum desirable competency in an area. It is much more about giving students the opportunity fully to develop their critical, conceptual and reflective thinking. Good, deep, sophisticated learning takes time. While not designed specifically for that purpose, the semester and annual breaks create the opportunity for students to develop their studies further. They also allow students to earn income (full-time), without having to study and work at the same time.³¹

There are also practical limitations in relation to offering such options to students in Commonwealth funded places. If a university's load were spread over three rather than two semesters, it would have to reduce the load available in any one semester - unless the Government funded the initial upfront additional costs. In effect, there would be fewer students even though they might complete more rapidly. In addition, the need to offer a suitable range of subjects in each semester and ensure staff to teach them could increase costs – or require further reductions in unit options for students. To change the structure of the academic year requires substantial changes in the Commonwealth's funding arrangements, at potentially higher cost.

Student portfolios and credit transfer

There are now many ways in which individuals can combine different education and training experiences over their lifetimes. Universities have in place extensive arrangements to allow students to transfer between courses and institutions. Over recent years, universities have extended this to include previous vocational education and training, and prior learning achieved without formal recognition, where the previous learning can substitute for parts of the university degree.

There remains more that could be done, in particular by VET providers to recognise and to improve university-to-VET transfer. While universities have arrangements to facilitate transfers through exchange of information about students' academic records, the suggestion that this be reworked into a student portfolio to encourage recognition deserves exploring.

Striving for Quality also asks (Section 6d) what the Commonwealth role should be in supporting the quality of teaching and learning, with particular reference to the Australian Universities Teaching Committee. The AVCC supports continued Government support for the development of better teaching practice through its funding of the AUTC, or a similar body, and through funding for specific projects. In this way the Commonwealth would support universities as they improve teaching, without forcing particular models on them.

³¹. See *Paying their Way* Table 8.1: full-time students who work during semester average a worrying 14.5 hours a week; they work an average 23.8 hours a week in non semester periods.

Improving the teaching knowledge and skills of staff

9. The AVCC:

- **agrees that universities must continue to develop the capacity of all staff to teach effectively and engage in relevant scholarship to support their work;**
- **rejects the notion that it would be useful to mandate external teacher accreditation. It believes that each university should define the appropriate qualifications and skills required of staff and ensure that staff either have or acquire them;**
- **believes that promotion to professor must involve evidence of international recognition of the applicant's leadership in their field whether that field is scholarship in the discipline, or scholarship in teaching of the discipline; and**
- **restates unequivocally that research and scholarship must underpin teaching to provide an effective university education.**

Striving for Quality suggests (in Section 6c) that there is need for substantial change in developing the teaching skills of staff. To do so it draws substantially on the four scholarships developed by Boyer - of discovery, integration, application and teaching. Universities have made much use of the scholarships concept, whether explicitly through a formal focus on the four scholarships, or more commonly, through their use to support efforts to present a rounded concept of the academic role. In particular, the Boyer scholarships have been used to support greater recognition of the teaching role of academics.

However, it distorts Boyer's argument to isolate teaching scholarship as a goal in itself for some academics – essentially those whose research activity is low – as presented in *Striving for Quality*. The scholarship of teaching is more than just the practice of face-to-face interaction with students but extends to activities such as program design, educational policy and development of materials. Rather, in developing the teaching capacity of staff, and supporting those who in particular research the practice of teaching their fields, universities expect that staff attend to all four Boyer scholarships while being stronger in some than others.

The AVCC strongly agrees that all staff involved in teaching students should be skilled in how best to teach their students. Universities have developed programs to support their staff gain such skills and have put in place various incentives for staff to make use of the programs. In particular, new staff, who have not had teaching experience, are required by many universities to complete such programs, which can in many cases lead to completion of a formal graduate certificate or graduate diploma.

Universities must continue to develop staff's teaching capacity and knowledge but externally set requirements for accreditation or particular qualifications place the emphasis wrongly on a particular input rather than the desired outcome of improved teaching skills.

Promotion criteria now ensure due recognition of teaching achievements alongside research and community achievements. The mix of each can vary, but usually evidence against each is required for promotion at all levels. It is worth noting that promotion solely on an applicant's research record is usually not possible except for research only positions.

The AVCC does not agree with the paper's assumption that it should be possible to gain promotion to professor based on teaching achievements alone. Promotion to professor is a statement of internationally recognised leadership in the field, drawing on the applicant's ability to contribute across the spectrum of possible roles. Good performance as a teacher in the institution, where such performance is not acknowledged elsewhere and where it makes no contribution to the knowledge internationally on best practice in teaching the discipline, is not sufficient. Universities and their staff must generate and disseminate knowledge widely – publication is the major way to achieve that; teaching alone, no matter how outstanding, is not sufficient since it reaches a much smaller audience.

Universities have a number of staff appointed to teaching-only positions. Their number has remained fairly stable over the past ten years but most are now casual staff.³² Such staff members are employed either to fill short-term vacancies or to support the work experience elements of professional programs. The latter group have current, or recent, professional employment outside the university. They are employed by universities for their practitioner skills and knowledge to ensure that students gain the relevant mix of conceptual knowledge and applied skills. Universities are now addressing the issue of the development of casual staff to ensure that both groups of staff have adequate preparation to carry out their teaching, including access to relevant courses and training for university teaching.

In summary, universities continue to develop the teaching skills of all their academic staff but do so as part of the broad scholarship required of all such positions.

Measuring student learning

10. The AVCC believes that it is essential to streamline reporting and accountability requirements while ensuring effective assessment of universities' individual achievements. Such an outcome must clearly meet the AVCC working principle that the funding and regulatory arrangements "should focus universities on their declared mission" and "should encourage universities to be responsive to the needs of ...students".

The ways in which universities teach and their students learn are complex and varied. Measurement of the outcomes is likely to be equally complex. *Striving for Quality* argues that we need to shift the focus of quality accountability and information from processes to the outcomes of student learning.

The AVCC believes that there is little evidence that the existing performance reporting arrangements do not provide the necessary performance information about each university.

However, there is considerable risk in pursuing national quality measurement if the measurement arrangements are based on an assumption that all universities have common goals and missions. Universities would again face regulatory requirements and incentives that encourage them to mimic each other rather than develop their particular contribution to a diverse national university sector. This would directly act against student-centred university education.

³². *Striving for Quality*, Table 8.

The production of complex sets of data can also affect the structure of university activity if teaching and research become arranged in ways that will produce the required data rather than the data reflecting what is done. In designing an effective set of measures – whether process-related or outcomes-focused – the burden of reporting must be minimised and the requirements not be such that they normalise activity into common approaches. The Government supported this in *Crossroads*.³³

In addition, the Australian Universities Quality Agency (AUQA) audits provide an external assessment of universities' internal arrangements to assess the extent to which outcomes are effective. *Striving for Quality*³⁴ misrepresents the role of the AUQA as being merely an assessment of process. The AUQA audit arrangements are intended to identify how universities' processes for quality assurance are – or are not - linked to improvements in outcomes, starting from the basis that each university's desired outcomes are distinctive to it and must be the basis of any assessment. The AUQA's effectiveness needs to be tested over its first one or two rounds of audits before conclusions can be reached about its future value.

Striving for Quality discusses a number of possible outcome measures and information options.

11. The AVCC does not support Government requirements for students to sit the Graduate Skills Assessment.

The Graduate Skills Assessment (GSA) is described as “an impartial measure of student performance that is not coloured by differences in academic standards in particular courses or institutions”.³⁵ The paper notes that for the GSA to be used this way students would have to be required to take it at first enrolment and at the end of their studies.

The AVCC has two major objections to using the GSA as a substantial indicator of learning outcomes.

First, there are serious questions about what the GSA tests. A limited subset of skills can be tested using pen and paper responses to questions. It is noticeable that students of the more generalist degrees – arts and science – have done comparatively well in the GSA results so far. This suggests that the test is measuring generalist skills but does not represent the full gamut of what universities aspire to develop.

As an indicator of learning outcomes the GSA does not address students' discipline-specific learning outcomes. This is the case for all degrees but it is a major lapse in assessing the professional degrees where there is a clear, dominant, expectation that graduates have the required professional knowledge and skills that underlie employment in particular fields.

Second, the GSA is failing due to low student interest. Only 698 students completed the 2001 exit test.³⁶ As a voluntary scheme it is not likely to succeed unless substantial numbers of employers were to seek a GSA result from graduates in preference to their formal university results. Even this would not create student interest in sitting the test at first enrolment.

³³ Section 4i.

³⁴ Para 89-90.

³⁵ *Striving for Quality*, para 110.

³⁶ Australian Council for Educational Research, *GSA Exit 2001*, 2002.

The alternative of requiring students to sit the test, to give a comprehensive comparative base, would likely meet substantial resistance from students (who may accordingly complete the test with varying degrees of seriousness). The cost of the test would also need to be met (\$12 million a year to test about 200,000 students³⁷) whether through imposing a further charge on students (the present arrangement) or use of Government funds. This would not be a good use of those funds.

12. The AVCC supports ongoing university developments to:

- **make explicit the standards expected for each course;**
- **use criterion-based assessment;**
- **encourage discussion about student learning outcomes and assessment across universities by staff in related fields;**
- **increase the extent of external validation or comment on the standards and their application; and**
- **use a common grading scale.**

13. The AVCC does not support:

- **formally constructing national standards; and**
- **developing a single, formal, external validation that specified standards are being applied.**

A substantial section of *Striving for Quality* argues that the standards universities use in assessing students should be explicit and public and that there should be external surety that universities are applying those standards.

In doing so, *Striving for Quality* makes many important points about standards in contrast to the simplistic, and misleading, debate about “soft marking” and declining standards that has occurred in recent years. Standards are not absolutes, nor timeless, but should change as expectations and needs change.

This position is supported by the AVCC, which said in its submission to the Senate inquiry of 2001:

“The test of assessment standards is that universities set marking levels, in particular pass marks, to a standard that demonstrates significant additional learning by the students compared to their entry level knowledge and the necessary knowledge and skills for future employment. These are not likely to be static as the content of courses and their target students change over time.”³⁸

³⁷. Based on indications from the ACER during the development of the GSA that the cost per student was about \$60.

³⁸. AVCC, *Submission to the Senate Inquiry into the Capacity of Public Universities to Meet Australia’s Higher Education Needs*, 2001 <http://www.avcc.edu.au/news/scroll/submission.pdf>.

Unfortunately, the underlying assumption of *Striving for Quality* is that the standards set and measured should be consistent across the whole university sector (eg para 146).³⁹ This assumption is too simple. It does not consider the nature of the mass student body, students' needs, the various degrees offered across universities, and what universities aspire to achieve for their students.

The AVCC fully agrees that the standards expected of students should be explicit, known and fairly applied. The move towards criterion-based assessment, where appropriate, reinforces this position. Through stating the requirements clearly, assessment is much more accountable and open than in the past.⁴⁰

But it is not self-evident that the criteria used should be the same in all, similar, courses in Australia.

- Where the student intake for similar degrees varies considerably across universities, should they be subject to the same assessment standards or should the standards be allowed to vary by course, based on the outcomes specified for each? This is a critical question as the size of the student body increases.
- A course with students chosen from a wide range of entry qualifications is quite different to one that has selected students only from a narrow range. To distinguish among the latter set of students is likely to require more fine-grained distinctions.

The pace at which courses require updating means that national standards are very likely to impede development through imposing a conservative mould of previous years' concepts. Universities should be encouraged to provide courses in different ways, with different emphases. This would provide students – and employers – with options, and keep pressure on each university to ensure that its courses are suitable in both curriculum and assessment.

The same concerns apply to the monitoring of standards by formal external processes, presumably driven by Government. Such monitoring assumes that it is possible to define and measure to an extent that would allow for an objective common assessment of the standards used. It would also consume resources better used to improve quality. It ignores the fact that there are many expectations of a university graduate – from employers, from the community, from professional bodies. An effective system must be responsive to all of these but give primacy to none.

At present universities are subject to external validation from a number of sources, most notably from the various accrediting bodies but also from employers and from community scrutiny. None of these carries full authority, but each has a legitimate perspective. These all build on ongoing discussion across universities from staff in related fields. The proposal by McInnis and James cited in *Striving for Quality* is one example of how such peer-based discussion and assessment could be developed in the future.

³⁹. The paper states that universities have 13 different marking schemes in place. In reality there are two main alternatives in use, which differ primarily on whether the top grade should cut in at 80 or 85.

⁴⁰. The use of norm-based assessments in past decades, and the lack of any study based on other than staff memory, sharply limits the value of claims that standards have either fallen or risen (eg: Anderson, 2001 and 2002, cited in *Striving for Quality*). Such claims require a study of actual assessment material. Even so, such a study might find that the differences in curriculum and objectives are such as to prevent any serious comparison.

An effective focus on outcomes will rely on a set of assessments, each with its own limitations that, collectively, will provide the needed feedback for universities to assess and reshape their courses.

14. The AVCC believes that the Government should consider the creation of a national data agency to collect and publish all higher education data to provide basic public information on the outcomes and performance of Australia's universities and higher education providers.

Striving for Quality rightly argues that the data available on universities is collected by a number of agencies and reported in various ways. A sensible solution is to establish a separate, higher education data collection and publishing body.

Such a body would provide greater certainty about the collection and release of data. It should work to an agreed charter specifying its data collection and publication functions. This would be a worthwhile achievement and could help streamline data provision and follow-up action.

Such an agency could also work on the coherence of the data and how to interpret it effectively. It would need to work with related agencies collecting data on vocational education and training. The continual release of data would provide public information on major data items relating to students and provide information on student satisfaction, subsequent employment and further study.

Such information already confirms that university education is well provided. However, to make precise comparisons across the sector is very difficult due to the range of variables such as different courses, student characteristics and different labour markets.

The AVCC has worked with the GCCA and DEST to improve the direct relevance of student experience data by making the Course Experience Questionnaire a more flexible instrument that reflects better the different priorities of universities. This is one example of how national data can support sector diversity, rather than constrain it.

However, the better presentation of data is unlikely to improve substantially the use of the information by prospective students. Studies⁴¹ suggest prospective students use such information lightly because it has only partial relevance to them. Students are interested in different sets of information, few of which are gained through quantitative data from, or about, previous students. The challenge is for universities to improve the provision of the individual information and advice students need to make sensible choices.

Conclusion

Striving for Quality discusses a major issue essential to the higher education review: how to ensure the quality of student learning in Australia's universities. It demonstrates the extensive changes that universities have made over the past decade to improve student learning and to ensure that the learning environment is suitable for the substantial number of students who are now seeking university education.

⁴¹. R James, G Baldwin, C McInnis, *Which University? The factors influencing the choice of prospective undergraduates*, DEST 1999, EIP 99/3; A Harvey-Beavis, L Robinson, *Views and Influences: tertiary education, secondary students and their advisors*, DEST 2000, EIP 00/08.

Universities' responses have been based on defining their particular missions and working to achieve those missions. The direction for the future must focus on enhancing universities' capacities to refine and achieve their missions so that they can continue to ensure effective student learning. National, single, and centrally co-coordinated systems – whether for teacher accreditation, setting of standards, or the monitoring of standards – will act against the development of a more flexible university sector to the detriment of student learning.

Rather, each university should be accountable for its own achievements through the judgments of students, employers, community and Government. This would be assisted by the public provision of data to a higher education data agency.

Diversity will provide the environment for quality.



3. Equity of access to universities

15. To build on the advances that have been made in equity of access to university, the AVCC proposes that:

- **there be substantial, contestable, funding to support and reward the enrolment and graduation of students from designated under-represented groups;**
- **further expansion in the overall number of places; and**
- **enabling courses remain HECS free and funded through core funding to maximise participation by students from under-represented groups.**

A just society provides all its citizens equal opportunity to access taxpayer-funded services so that they can realise their life potential. Education is one such service. It enables individuals to achieve their full intellectual potential, which, in turn, generally leads to greater economic power and capacity to make life choices.

Likewise an economically efficient society maximises the use of its human capital by developing the highest skilled workforce possible, building on its diversity.

The social justice and economic efficiency arguments combine to provide a strong rationale for addressing equity in higher education in the current review. The Review issues papers have addressed the issue, other than for Indigenous students, in passing:

- *Higher Education at the Crossroads*, section 4b covered access on an equitable basis;
- *Varieties of Learning*, touched on equity and access between students in VET courses and higher education in relation to payment of fees and availability of HECS; and
- *Achieving Equitable and Appropriate Outcomes*, addressed in detail the challenges faced by Indigenous Australians in higher education.

This section considers the participation in higher education by under-represented groups compared to their share of the general population, the barriers to increased participation and what universities, with support from the Government, can do to improve equity and access.

Equity groups performance

In absolute numbers under-represented groups have benefited from the large expansion of the sector over the last two decades and as a result of increased attention given by universities to equity. The Commonwealth has supported universities through a series of small, discrete equity programs. While welcomed, this support is small, and relatively cumbersome through its individual acquittal and accountability requirements.

Table 1 shows how the proportion of domestic students for each equity group has changed over the last decade compared to their percentage of the general population. These data show that the proportion of the student population from some of the equity groups has hardly changed and remains well below the percentage of the general population who are in such groups. This is acknowledged in *Crossroads*.

Table 1: Proportion of Domestic Students by Equity Group, 1991–2001

<i>Equity group</i>	<i>1991</i>	<i>2001</i>	<i>Reference Value (a)</i>
Students from non English-speaking backgrounds	4.1	3.6	4.8
Students with a disability	2.0	3.1	-
Women in non-traditional area	15.9	21.7	50.0
Indigenous students	0.9	1.2	1.7
Low socio-economic status	14.7	14.6	25.0
Students from rural areas	18.5	17.7	24.3
Students from isolated areas	1.9	1.4	4.5

Source: Higher Education at the Crossroads, Table a11

(a) The percentage of the general population who are in each of the equity groups. Note these data are from 1991 (rural and isolated) and 1996 not 2001. Preliminary assessment of 2001 census data suggests that the reference point for students from rural and isolated areas and from a non-English speaking background has reduced since 1991 and 1996.

This table shows that:

- The situation for non-English speaking background (NESB) students is mixed. Students from some nationalities have fared better than others with the overall result being a slight deterioration (noting that the reference value for this group has probably reduced from 1996). This may reflect the changing group represented, due to changing immigration patterns over the past ten years.
- Participation has improved substantially for students with disabilities. This may be reflecting the growing number of school students with disabilities who are able to complete school and seek further education. However, the figures are hard to analyse due to issues concerning the changing level of self-identification.
- Women make up 55% of students. The pattern of women's participation as students has changed to such an extent that they are well represented across all fields of study with the exception of Engineering and some areas of Science such as Computing Science.⁴²
- The proportion of Indigenous students has improved substantially from 1991. However, in recent years the growth has stopped due to low numbers of new students, while retention and success rates remain well below those of other students. The Government has released a separate issues paper on Indigenous Australians in higher education,⁴³ to which the AVCC responds at Section Four.
- The proportion of students from low socio-economic status (SES) backgrounds has remained at the same level. The SES of a student is the most important predictor of participation in higher education and is a common central element of multiple disadvantage, for instance in relation to Indigenous students and those from rural and isolated areas.
- The proportion of students from rural and isolated areas has declined. There may have been some reduction in the size of this group between 1991 and 2001, but the figures still

⁴² AVCC, *Women in Australian Universities*, AVCC Fact Sheet 8, at http://www.avcc.edu.au/news/public_statements/publications/facts01/facts_sheets.htm.

⁴³ DEST, *Achieving Equitable and Appropriate Outcomes*, 2002.

indicate issues in making university education accessible and in persuading potential students from those areas to apply.

The data supports the continued need to work to support students from many of these groups. Over time, however, the composition of the target groups needs to be revised to ensure they continue to target the relevant groups of students.

Barriers to participation

The main barriers to participation for under-represented equity groups fall into four categories: educational, cultural locational, and, financial. These barriers are inter-related, with the relative importance of each difficult to identify and likely to vary among individuals but with financial barriers the major underlying issue.

- **Educational** disadvantage experienced during the school years is a real obstacle when the largest group of university offers is made on the basis of relative success in the final years of schooling. Students who attend schools in disadvantaged areas, where class sizes are large, resources are limited and parental or peer support is weak, have much lower access rates and often only come to university as mature age students.

Work is required with these students in the middle years of high school to raise their interest in higher education. Further, enabling courses provide the opportunity to let such students prepare themselves for university education. Students with disabilities rely on accessing needed support in their initial education to be able then to make a claim for admission to university.

- **Cultural** aspects feature prominently: families, where there is no experience of higher education, may not see its relevance or value. In the absence of parental and teacher encouragement and lacking confidence in their academic abilities, the children of these families may see higher education as an unattainable goal. Students who are the first in their family to go to university are typically at a higher risk of attrition, as they can lack the knowledge and networks that would otherwise support successful study.
- **Locational** disadvantage is usually associated with physical distance from a campus but includes the difficulties students with disabilities can face in accessing a campus and moving around it. Further rationalisation of courses will only raise access difficulties for many potential students.
- The **economic resources** of the student and their family are a major determinant of whether higher education becomes a reality or is even considered. Poverty remains a substantial factor that in many cases underpins issues of educational, cultural and locational disadvantage.

University action

Universities are undertaking a range of measures to redress the imbalance in the student body. This includes:

- outreach work with students from Year 8 to broaden students' horizons, outlining the value of higher education and demystifying university life. Continuous engagement by universities with disadvantaged schools in their catchment area will pay off in time. It is

also important to address the parents who, have a major influence on the academic performance and educational aspirations of their children;

- special admission arrangements such as allocating bonus points, admitting students on the basis of principals' reports on their academic potential, or setting quotas in each course for disadvantaged students. Alternative pathways via the vocational education and training sector, involving course articulation and credit transfer, also contribute to widening the diversity of the student population (see Section Seven);
- appropriate support arrangements required for students who start university with inadequate academic preparation or with feelings of alienation because of cultural differences. These include enabling programs which have been particularly successful in regional areas; familiarisation with various services; nomination of specific academic staff to assist; mentoring by other peers; monitoring of progress in order to detect early difficulties and avert withdrawal; and bridging programs;
- financial support such as small emergency grants; book bursaries; HECS scholarships for some of the most disadvantaged; and campus accommodation at a reduced cost to assist students who have had to move to attend university; and
- teaching and learning initiatives such as greater flexibility in timetabling to fit in better with the demands of working students; greater awareness among academic and general staff of the pressures experienced by working students; increased provision of flexible delivery options across all courses; student services operating for extended hours; and support for students with disabilities through support for learning needs and ensuring that the campus and buildings are upgraded to meet access standards.

What is needed in response: support to universities for students from under-represented groups

A recent United Kingdom study confirms that students from non-traditional backgrounds are significantly more expensive to recruit, retain and progress through higher education. The additional cost of supporting these students was found to be around 35%.⁴⁴

Universities' actions to improve access by and retention of students from under represented groups is restricted to their capacity to support such efforts. A key part of the AVCC's financing model is support for universities' enrolment of students from under-represented groups. The financing model also increases the provision of places, allowing access to more students.

Additional resources from the Commonwealth will enable universities to do more to attract students from under-represented groups, provide necessary academic supports, mitigate financial difficulties, create a more flexible learning environment and forge more effective links with the VET and school sectors. In providing such resources, it is important that both the varying costs of different groups be considered and that the funding is not caught up in complex accountability arrangements that focus on types of expenditure rather than report outcomes.

⁴⁴ Universities UK and Higher Education Funding Council for England, *Determining the Costs of Widening Participation*, 2002.

4. Indigenous Australians in higher education

The release of *Achieving Equitable and Appropriate Outcomes: Indigenous Australians in Higher Education* provides the opportunity to comment on the performance of the higher education sector in light of the objectives of the 1989 *National Aboriginal and Torres Strait Islander Education Policy* (AEP) agreed by Commonwealth and State Governments and Indigenous Australian communities. The issues paper provides an overview of the major programs funded by the Commonwealth to achieve successful outcomes in Indigenous higher education and addresses how well the key AEP goals are being met in terms of access to higher education, educational outcomes and involvement in decision making.

The paper presents a relatively balanced assessment of progress made over the last 13 years while acknowledging the problems faced as typified by the recent downturns in Indigenous students commencing and completing higher education. One particularly positive message is that Indigenous students who graduate experience employment rates comparable with those for all graduates. However, attention needs to focus on what is to be done to improve Indigenous students' progress and completion rates to equal those of their non-Indigenous counterparts. Attainment of this goal will ensure that the benefits of higher education flow to an increasing proportion of the Indigenous population, which is consistent with the objectives of the AVCC.

Seeking the advice of Indigenous educators

Universities need to work in partnership with Indigenous communities in the development of university Indigenous education policy to overcome disadvantage. These partnerships should be reflected in university governance structures and in management practices. Universities also need to establish linkages with international Indigenous communities so that the sector and Government can learn from shared experiences.

The number of Indigenous staff employed in higher education institutions has increased from 450 in 1997 to 552 in 2001 or 0.7% of total staff.⁴⁵ This proportion is below the proportion of Indigenous students in the student population and well below the proportion of Indigenous people in the general population.

To encourage more Indigenous people to work in the higher education sector many universities have committed to developing Indigenous Employment Strategies through the recent round of enterprise bargaining. These strategies are designed to:

- maximize staff development along with the transfer of job skills and information in order to increase Indigenous knowledge, independence, remuneration, job security and self-sufficiency;
- encourage and foster the employment and participation of Indigenous Australians at all levels of work activity within universities; and
- facilitate and encourage the direct involvement of Indigenous Australian staff in determining career strategies, goals and objectives.

⁴⁵ DEST, *Staff 2001 Selected Higher Education Statistics* (and 1997 to 2000 editions).

Additional support from the Commonwealth (as detailed in the section below on Effective Support Funding) will enable universities to achieve greater equity in employment opportunities for Indigenous Australians.

Overcoming cultural isolation, prejudice and racism

The AVCC Advisory Group on Indigenous Higher Education has previously drawn attention to a level of apparent racism on some campuses and the Australian Council of Deans of Education, as well as the AVCC, see this arising from the “continued levels of prejudice and misunderstanding at the broader social level”.⁴⁶

In September 2001 the AVCC accepted the principle that all Australian higher education students receive some understanding of Indigenous knowledge systems, cultures and values as an integral part of their studies. There are tangible benefits to be obtained in greater numbers of students gaining an understanding of Indigenous issues. The implementation of this principle will provide a sound basis for equipping all students with some generic skills for living in our society.

Indigenous support and education units are the focal point for the delivery of support services to Indigenous students and, increasingly, the teaching of courses and the conduct of research. The AVCC’s plan for effective funding support will provide much needed additional resourcing to enable these units to deliver their expanding responsibilities.

The current funding provided to universities to support Indigenous students, allows universities the discretion to decide where best to allocate these resources. The AVCC believes that this should continue, consistent with appropriate accountability and reporting requirements in relation to outcomes. There is a need for partnerships between universities and Indigenous communities to be realised to ensure the most effective allocation of resources.

The submission from the National Indigenous Higher Education Network Committee⁴⁷ provides many examples of the benefits of such funding. These include:

- adequate administrative components in the program funds such as Aboriginal Tutorial Assistance Scheme and Away-from-Base funds;
- a specific number of EFTSU places allocated to the Indigenous Centres/Units/Faculties or Schools to assist their academic development in the area of curriculum for new programs and research;
- access to specific program/project funds to work with schools and communities to increase the understanding of study outcomes and subsequent careers; and
- the further development of infrastructure and resources in the Indigenous Higher Education Centres/Units to adequately cover the current and future activities, particularly in the academic areas of curriculum, programs and research in order to provide more innovative course or program structures as well as provide academic status to the

⁴⁶ Australian Council of Deans of Education, Submission 38 to Higher Education Review.

⁴⁷ National Indigenous Higher Education Network, Submission 182 to Higher Education Review.

Centres/Units as Faculties or Schools and develop and strengthen pathways from VET programs to higher education programs.

While not a direct creation of universities the responsibility for combating racism is a responsibility which universities share with the rest of the community. Universities expect their staff and students to act at all times in a way that respects the rights and privileges of others and shows commitment to the ideals of a university. This includes a responsibility to be aware of, and understand, cultures other than their own, and to be sensitive and tolerant to these cultural diversities. The AVCC and universities are committed to policies to combat racism effectively.

Maximising the financial position of Indigenous students

16. The AVCC recommends:

- **that the Government act to review student income support arrangements to ensure that Indigenous students have the financial capacity to complete their courses; and**
- **the establishment of Centrelink offices on university campuses to improve awareness of income-support entitlements so that Indigenous students can take advantage of them.**

The availability of Abstudy, the Pensioner Education Supplement and other income support arrangements is a factor of great significance to the participation of Indigenous students in higher education.

In 2000 the AVCC conducted a survey of Australian undergraduate student finances the results of which were published in the report *Paying Their Way*.⁴⁸ The relatively small number of Indigenous students surveyed means that the results are less likely to be statistically significant. With that caveat, the data supports concerns that Indigenous students are more dependent on Government income support and are also relying heavily on paid employment to make ends meet. In particular, the survey found that:

- 61.6% of Indigenous undergraduate full-time students were in receipt of Government income support compared to the average for non-Indigenous students of 41.3%;
- 21.1% of Indigenous students had taken out a repayable loan which is more than twice the average for non-Indigenous students of 10.5%; and
- 65.3% of Indigenous students were in paid employment.

The DEST data in the issues paper⁴⁹ shows that students receiving Abstudy allowances in higher education decreased by 13% between 1999 and 2001 while the comparable figures for VET increased by 14%.

There has been much debate about the causes of the decline in Abstudy recipients proceeding to higher education with a number of groups pointing to the impact of the Government's changes to Abstudy that came into effect at the beginning of 2000. The changes to Abstudy

⁴⁸ *Paying Their Way*, Tables 3.4, 4.2 and 8.3.

⁴⁹ DEST, *Achieving Equitable and Appropriate Outcomes*, 2002 (Table 1 p8).

together with the abolition of the Equity and Merit Scholarships, which benefited a considerable number of Indigenous students, have contributed to the decline in Indigenous student numbers.

In Section five the AVCC argues for the Government to review student income support arrangements. This review must look to restructure income support direct to students to reduce barriers created by living-costs and the impact on study of excessive hours of paid employment. Such a review must also consider the adequacy of current income support arrangements for Indigenous students and be empowered to recommend appropriate changes should they be shown to be justified.

Further, Indigenous students should be fully aware of the range of income support options available to them.

Effective support funding

17. The AVCC recommends improved financial support for universities to help them to support Indigenous Australians to enrol and successfully complete their qualifications.

Indigenous Australians' access to, and completion of, higher education is low, so preventing their full contribution to Australia's development. Additional assistance is necessary to ensure universities are able to increase the numbers of Indigenous Australians engaged fully in university education and contributing their own knowledge to Australia's future development.

The AVCC financing model proposes that there be contestable funding to support and reward the enrolment and graduation of students from designated under-represented groups.

This element would replace the existing special funding allocations for equity and Indigenous students, with a more substantial mechanism to address the challenge of access and success for students with characteristics that are associated with low access and/or low completions.

Overcoming early educational disadvantage

The historical pattern of educational disadvantage is one of the major barriers preventing greater numbers of Indigenous students obtaining a higher education qualification. There are a number of issues that need to be considered in this context.

Universities, through their Indigenous support units, are working with schools to increase participation of Indigenous students, improve retention rates through to year 12 and encourage greater numbers to proceed to higher education. The effectiveness of this work can be substantially improved given more resourcing. The National Indigenous Higher Education Network Committee has argued this persuasively in the following terms:

Moreover, if the overall participation rate of Indigenous people in education is to increase, particularly in higher education, a greater focus on the education of Indigenous children in their early years is required, particularly as the Indigenous population has 50% of [their population] aged below 20 compared to the non-Indigenous population. Indigenous Higher Education Centres/Units can, if adequate resources are provided, make greater connections/work with school personnel, communities, organizations, students and parents/guardians to

increase the participation rates and retention of young Indigenous students in primary and secondary school.⁵⁰

Enabling courses

18. The AVCC recommends that:

- **enabling courses remain HECS free to maximise participation by Indigenous Australians;**
- **universities continue to be able to fund enabling courses through core funding; and**
- **Aboriginal Tutorial Assistance Scheme funding and mentoring be made available to Indigenous students in enabling courses.**

Enabling Courses are intended to provide a pathway to higher education for students from disadvantaged groups who do not have the academic preparation to enrol directly in award courses. Indigenous students make up a high proportion of the students enrolled in enabling courses.

Students who complete enabling courses perform well if they proceed to award level study. However, the relatively low proportion of students who do proceed to an award has led to calls for action to be taken to improve the “performance” of enabling courses. This view neglects the valuable generic skills that are obtained by students who complete enabling programs, leading to improved employment outcomes for these students. Such skills also provide a foundation for future study.

Encouraging retention at award level

The retention indicator of Indigenous performance shows that nationally for the year 2000 Indigenous students re-enrolled in their courses at 73% of the rate of non-Indigenous Australian students.⁵¹ There is also considerable variation in institutional performance (four universities have retention rates at 90% or higher and one at below 60%). There is considerable benefit in sharing the successful approaches of particular institutions as a means of cross-fertilising better outcomes throughout the sector. The publication by the Department of Education, Science and Training of the Indigenous Education Strategies that universities prepare each year is one method by which this is currently attempted but more can be done, for example through the regular meetings of the heads of Indigenous support/education units. It is also important that there be sufficient resources to enable regular participation by a wide range of universities at these meetings.

- Indigenous support units play a crucial role in ensuring that Indigenous students have the required support to complete their studies successfully. There is evidence to suggest that the workload pressures on Indigenous support units have impacted to the point where Indigenous students have discontinued their studies.
- The availability of scholarships funded by Government, universities and the private sector, to Indigenous students with good academic performance would be important in

⁵⁰ National Indigenous Higher Education Network, Submission 182 to Higher Education Review.

⁵¹ DEST, *Indigenous Education Strategies in Higher Education: 2001-2003*.

the sector. They would, for example, facilitate greater retention amongst the most able students.

- Mentoring and support are also vitally important, particularly at the postgraduate level. A well-structured mentoring system would allow Indigenous students to draw from the experience of a mentor as and when they need. Mentors would be required to have a sound academic record in teaching and research, good inter-personal skills and a thorough understanding of Indigenous cultures.

The Aboriginal Tutorial Assistance Scheme and the Away from Base: Indigenous Education Strategic Initiatives Program are essential programs to improve educational outcomes for Indigenous Australians. Both need to be adequately funded.

Increasing Indigenous professionals

In terms of their distribution across the 10 major fields of study, Indigenous students are well represented in arts, humanities social sciences, education and health and less well represented in the fields of architecture, building, business, administration, economics, engineering, surveying and science. The policy objective is to see Indigenous commencements and completions rise so that Indigenous people take their rightful place in all professions. Therefore it is especially important to put in place measures to encourage Indigenous students into professions to which they have not historically been well represented.

Professional bodies, universities and Government need to work in partnership to increase the numbers of Indigenous professionals through the provision of HECS exemptions, scholarships and cadetships for Indigenous students in professional fields of study, engineering and the sciences are two special examples. Professional bodies are providing welcome support for individual students but the Government should look to provide special incentive funding to enable them to fund groups of Indigenous students in fields that provide sound career opportunities.

New courses and pathways

There are moves at some universities to modularise courses so that there are discrete qualification exit points for each year of study. This type of award flexibility would make higher education a more attractive option to those Indigenous students considering some form of post-secondary education. Many Indigenous students prefer post-secondary education, which provides multiple course options, particularly in relation to course length.

The AVCC notes the Government's suggestion to provide seed funding for the design and initial delivery of courses for Indigenous students or Indigenous communities. The AVCC believes this is a worthwhile proposal and would be happy to co-operate with the Department in developing it further.

The educational pathways through schools and VET and from schools/VET to higher education could also be improved for Indigenous students, for example by having greater numbers complete Diploma and Advanced Diploma courses which articulate into higher education qualifications.

A national promotion system for higher education along the lines used by VET would also be a worthwhile initiative.

The issues paper points out that the Community Development Employment Project (CDEP or “work for the dole”) encourages Indigenous people to leave school early to work under CDEP and not proceed to tertiary education. The CDEP needs to be re-thought to include an educational component so that Indigenous people are encouraged to undertake some form of higher education or training. This is a particularly important issue in regional areas.

Opening more opportunities for Indigenous researchers

19. The AVCC recommends that the Government establish additional new Australian Postgraduate Awards specifically for Indigenous postgraduate students.

The number of Indigenous students undertaking higher degrees by research has increased significantly over the past decade, although from a very low base. Nevertheless Indigenous students remain significantly under-represented at postgraduate research level.

Given the low representation of Indigenous students at postgraduate level the AVCC has encouraged every university to allocate at least one postgraduate scholarship to Indigenous students. The AVCC also supports the creation of academic cadetships to employ more Indigenous students as academics and to encourage universities to provide for Indigenous postgraduate students to have Indigenous co-supervisors or mentors wherever practicable and appropriate. Where a non-Indigenous supervisor is appointed they should be appropriately qualified and have a thorough understanding of the cultural needs of the person being supervised. There would also be benefit in having a pool of appropriately qualified people that can be called on, with others, to examine Indigenous postgraduate theses.

20. The AVCC recommends that the Government support ongoing funding for Indigenous Higher Education Centres, whether they be existing Centres or others that come forward through a competitive selection process.

In 1996 and 1997 the Government approved funding for the establishment of six Indigenous Higher Education Centres to promote the development of academic excellence within Indigenous communities by conducting research and advanced teaching.

An assessment of their achievements led the Government to provide additional funding to continue the Centres’ operations. It is important to address the long-term future of this program. It is clear that the aim of the Centres becoming self-funding may not be achievable. Nevertheless, the Centres play an important role in fostering research and advanced teaching that is relevant to Indigenous communities.

There is a need to build the profile of Indigenous researchers in particular early career researchers. The AVCC therefore welcomes the continuation of a funding element within the new Australian Research Council funding programs that supports the work undertaken by Indigenous researchers. Research funding from the ARC and other bodies such as the Australian Institute of Aboriginal and Torres Strait Islander Studies should be maintained at a sufficient level to ensure a high success rate by applicants.

An Indigenous Advisory Council

21. The AVCC recommends that the Government establish an Indigenous Advisory Council to assist the Minister for Education, Science and Training in the area of Indigenous higher education.

The AVCC has been discussing the concept of a national advisory council to provide a focus for Indigenous higher education activities. The AVCC sees considerable benefit in establishing such an advisory body, which could be established along similar lines to the Indigenous education advisory/consultative bodies that already exist within the various States.

The Advisory Council would be formally established to assist the Minister for Education, Science and Training in the area of Indigenous higher education. It would need to work in partnership with universities, Indigenous communities and all levels of Government to facilitate improved outcomes for Indigenous people in higher education. It should consist of no more than 8 – 10 individuals, and include a core of Indigenous educators and professionals.

The terms of reference of this Board would include:

- the monitoring of performance and outcomes in Australia's universities;
- regular reporting to government on progress toward agreed goals;
- fostering the development of Indigenous knowledge systems as special study units within Australian universities;
- advising government and universities as to the co-ordinated development of higher education for Indigenous Australians nationally;
- working with universities and Government to combat racism, where it exists, on Australian campuses and in other social settings; and
- promoting interaction with Indigenous educators in other countries.

5. An effective system of student income support

22. The AVCC recommends that the Government restructure the income support system so that it is effective in reducing the need for students to work excessive hours and so avert the detrimental effect on academic performance of heavy work commitments prompted by economic necessity.

Student finances and learning experience – recent evidence

Paying their way, the AVCC's 2000 survey of the finances of 35,000 undergraduate domestic students, provides substantial evidence that students are struggling financially and, as a result, are engaged in work to a much greater extent than in the past.⁵²

The report found that undergraduate students are increasingly falling into two categories: those facing significant difficulty in surviving on student income support; and, alternatively, those who are struggling to find time for proper study as they meet the demands of full or part-time work required to earn an adequate income. One impact is that students take longer to complete their degrees, pushing back their capacity to contribute in the workforce.

The proportion of full-time students who are in paid employment during semester has increased in the last two decades. In 1984 about five in ten undergraduates were employed during the semester. In 2000, more than seven in every ten students were employed during the semester. Part-time students are even more likely to be in paid employment with almost nine in ten working during semester.

Not only are more students in paid employment during the semester, those who are employed are working longer hours. In 1984 full-time undergraduate university students worked an average of five hours every week during semester. By 2000, full-time students worked an average of 14.4 hours a week, or about two days every week - and nearly three times the hours worked by students in 1984.

Many students identified the financial imperative to undertake employment as a problem for their studies. Nearly one in every ten students who are employed 'frequently' miss classes because of that work - or about 33,900 students. Nearly two in every ten students in paid employment say that the work adversely affects their study 'a great deal' - or about 70,600 students Australia-wide.

Other relevant findings of this study include:

- while HECS is preferable to up-front fees, and without it many students state they would be unable to undertake higher education, many are concerned over mounting debt;
- average expenditure for full-time students exceeded average income by 42%;
- 12% of students obtained a repayable loan in order to continue studies, with the average loan being \$4,000. Those most likely to take out loans were students from low SES, Indigenous women, students with disabilities and women with dependent children;

⁵² M. Long and M. Haydon, *Paying their Way*, 2001, http://www.avcc.edu.au/news/public_statements/publications/index.htm.

- payment of HECS up front, which attracts a discount, is more frequently associated with students from high SES and those in receipt of family support;
- 23% of students stated that their mode of study was affected by their financial circumstances with 54% of part-time students indicating that they would prefer to study full-time if financial circumstances permitted;
- nearly 20% of students who have financially dependent children, miss classes “sometimes” or “frequently” because they cannot afford childcare, pointing to the difficulty of supporting children while studying; and
- 8% of students had their application for Government income support rejected because of the parental income test.

The AVCC student finances survey revealed a changed student population: one in which for a high percentage of students, commitment to study is no longer the main priority - economic survival is. To survive students are spending more time in paid employment, which is having a detrimental effect on their studies. It is important that students are sufficiently free of financial pressures to gain full benefit from their studies.

These findings are supported by other more detailed studies of smaller groups.

- Bob Birrell and others have proposed that the severity of the means test for the Youth Allowance (or Abstudy) might exclude students from households with modest incomes in the \$30,000 to \$40,000 bracket, contributing significantly to their low participation rates in higher education.⁵³
- Judith Bessant’s 2001 study of students enrolled in Melbourne metropolitan universities found that changes to income support arrangements for university students had increased levels of poverty and forced many to compromise their education by having to take on full or part-time work. This had led to “quite serious health and safety consequences for many students living in poverty”.⁵⁴

These studies point to the particular difficulty of students from low to middle income families. The family income excludes, or substantially reduces, entitlement to Youth Allowance, yet the family can be struggling to maintain living standards on its income. This is especially the case where there are younger children to support. This means that a university student at best may receive accommodation and food from their family.

There are also concerns about the impact of the low HECS repayment threshold of \$23,242. It means that students on low incomes can actually be repaying HECS while they are still studying. This is particularly true for mature age students, often with families, who have reduced their income to study for their longer-term benefit.

At incomes below average graduate starting salaries, students should not have to make HECS payments.

⁵³ B. Birrell, I.R. Dobson, T.F. Smith *The New Youth Allowance and Access to Higher Education*, in *People and Place* Vol 7 No 3, 1999.

⁵⁴ J Bessant, *Student Poverty in the Enterprise University*, submitted for publication.

What is needed in response: review student income support arrangements

A key task for the Federal Government is to undertake a thorough review of income support arrangements for students and raise the initial HECS threshold.

The issue of income support extends beyond the jurisdiction of the Minister for Education, Science and Training, who has initiated the Higher Education Review, but the issue is central to a consideration of equity in the higher education sector.

The test of student income assistance arrangements is whether they effectively reduce the need for students to work excessive hours and so avert the detrimental effect on academic performance of heavy work commitments prompted by economic necessity.

The structure and parameters of the student income support system should better reflect the realities of the financial situation of today's students. Within the existing structure of support, a review needs to consider:

- the level of the Youth Allowance (and Abstudy) and the related thresholds for loss of entitlement to the allowance, to take better account of living and course-related costs so that the level of allowances, at least, meets the Henderson Poverty Line;
- the eligibility criteria, by reviewing parental income testing so as not to exclude from assistance the children of families on modest incomes. These should at least be at average weekly earnings before allowances are reduced;
- the age criteria for access on independence grounds, reducing it to 21 from 25;
- the costs for students, notably from rural and isolated regions, who need to move to attend university so that there is support for such students;
- incentives for low SES people to participate in higher education;
- the requirements of the Student Financial Supplement Scheme. The scheme allows students to trade-in all, or part, of their income support payment for a loan of twice the amount of the income foregone up to a maximum of \$7,000. An option is to allow students to keep the allowance to which they are entitled and, in addition, borrow an equivalent amount as a loan, rather than choose one or other;
- making universities' part-time, as well as full-time, postgraduate scholarships tax exempt; and
- ensuring that university scholarships do not cause a reduction in allowance payments such that the value of the scholarship is undermined.

More broadly the Government also needs to consider alternative systems of financial support that allow access to payments at the time of need, while studying, perhaps in exchange for repayment or lower payments at periods in the future. This might break through the negative impact of the present income tests and thresholds.



6. The value of international education

23. The effective internationalisation of Australia's universities is vital to the future well-being of the Australian community in an increasingly globalised economy, work force, and society.

24. To achieve effective internationalisation of Australia's universities, the Commonwealth Government should:

- **promote Australian education internationally, including through bilateral Government to Government agreements;**
- **work with universities to improve community understanding of the value of internationalisation of Australian universities;**
- **reduce visa and related charges on international students;**
- **support universities achieve a target of 20% of Australian students who include international study in their course; and**
- **establish awards for excellence in international education.**

The review of higher education provides an opportunity to consider the international activities of universities together with universities traditional roles in teaching and research for Australians. This will allow us to improve the effective interaction between international and domestic roles of universities to the benefit of both.

Internationalisation is more than teaching international students, essential as that is for Australia's economic prosperity.⁵⁵

Internationalisation ensures global competitiveness. The future financing and regulatory arrangements that emerge from the review should enable universities to provide globally relevant teaching, research, scholarship, and community service. Without an effective international perspective, Australia will not be prepared to take advantage of international opportunities; worse, lack of an international perspective, could actively lead to Australia losing its existing wealth and general prosperity.

Internationalisation of educational opportunities provides depth of understanding for Australian and foreign students. Australian students should have access to international experiences in their education while Australia should provide high levels of access for students from other countries. This will offer students learning and research opportunities to interact with other students from across the globe and equip themselves, and therefore Australia, to engage with the global labour market and global economy. Filling the gaps in knowledge of other cultures will build international understanding. Students and academics who have such understanding will be prominent in the future development of their countries.

Internationalisation of education contributes substantially to improved global development through the development of human capital in students' home countries on their return.

⁵⁵ See AVCC Fact Sheet 9, *International Education: Supporting an Export Success Story* http://www.avcc.edu.au/news/public_statements/publications/facts01/facts_sheets.htm.

A coordinated approach to international education

Australian universities' international education activities are inseparable from a significant range of government responsibilities beyond the education portfolios to reach to immigration, trade, and diplomatic relations. It is critical that there be a shared, positive, coordinated and consultative approach to internationalisation by governments at all levels.

This requires full consultation with universities in the formulation of immigration, trade, and education policies and strong bilateral diplomatic relations.

Effective Government support for international activities

Building on a coordinated approach to internationalisation, the Federal Government should invest in the promotion of Australian education in the same way that it supports other export earning industries. It should:

- pursue a comprehensive range of bilateral government-to-government agreements in education, science and technology co-operation;
- develop a network of high quality, whole-of-government marketing, promotion and information services for the provision of university education as a whole that will underpin institution by institution marketing; and
- support universities' development of offshore operations.

Raising community understanding

Universities and the Government need to address concerns in the Australian community that international students may be reducing access for Australian students or otherwise using up resources to the detriment of Australian students. Such concerns have no basis but they do reflect low understanding of the financing of universities and the reliance on international education to provide additional marginal income to support core university activities.

To achieve higher levels of community understanding, the AVCC proposes:

- delivery of a Prime Ministerial Statement on International Education that commits the Government to the support of international education through concrete Government action;
- the establishment of a Commonwealth-State Ministerial Council on International Education, with provision for formal input by education peak bodies; and
- enhanced recognition of the benefits of internationalisation, by establishing an annual *National Awards For Excellence in International Education* as an addition to the annual national teaching awards.

A revised approach to student visas and charges

Australia has high student visa charges by international standards. At \$A315 a visa they exceed visa charges in Canada (\$A150), UK (\$A88-178), United States (\$A85) and New

Zealand ((\$A132)).⁵⁶ These charges are a shortsighted cost recovery measure that ignores the substantial benefit to Australia from increased numbers of overseas students. Australia should not just match international visa charges but should be a step ahead through the eventual removal of charges for student visas. At an estimated annual cost of \$35 million this is a small investment with, potentially, a substantial return.

The changed structure for assessing students by country, introduced in 2001, has discouraged international students from a number of countries. The AVCC fully understands the Government's concern to minimise illegal entry to Australia. It argues however that international students are a low risk, especially as there now is provision for such students to apply for permanent entry without returning to their home country.

The AVCC proposes that the Government reduce or abolish imposts on the international education industry:

- student visa fees should be removed over the next four years;
- the Work Rights visa (\$55 per visa) should be abolished and work rights should be automatically available under a student visa – as they were until 1998; and
- the \$30 tax on each international student (the Student Information Service Fee) should be removed.

20% of Australian students in study abroad and exchange programs

Australia has one of the most imbalanced mixes of international education. We have the third highest proportion of international students in the OECD but a very low level of Australian students studying in overseas countries.⁵⁷ Both are essential to an international approach to education that will reap benefits for Australia's future.

To address the imbalance, Australia's universities have taken positive action to increase the opportunities available to their students to study overseas. Australia is a leader in the successful University Mobility in Asia and the Pacific (UMAP) program and the University Mobility in the Indian Ocean Region (UMIOR) program. The Australian Government contributes to the costs of the UMAP exchanges. UMAP has worked to overcome credit recognition obstacles to student exchanges, by developing its own credit transfer scheme. Many universities have also established international networks to facilitate student mobility at their own expense, providing exchange opportunities in a large range of countries, including Europe and the United States.

Funding remains the major impediment to extending exchange opportunities by universities. For these programs to expand, universities' resource base will need to be increased to cover the costs of supporting students' travel and living expenses. One option for the Government to consider is for it to support some students from all Australian universities, both public and private, to undertake international study, in order to deepen Australia's future understanding of other countries.

⁵⁶ *The Age*, 21 August 2002, citing *Australia-Latin America: Links in the Education Sector*. Note that at the time of the study the Australian visa charge was \$290.

⁵⁷ See Section One, Figure Two.



7. Effective linkages between universities and vocational education and training

Varieties of learning asks the fundamental question: are there national benefits in taking a more strategic approach to the interface between the higher education and Vocational Education and Training (VET) sectors?⁵⁸ In answering this question it is useful to revisit how this interface has developed over the last decade.

Universities' development of linkages with VET

25. Universities have led the way in the improvement of national coherence in the treatment of applications by students entering undergraduate university courses who seek credit for previous vocational education and training.

In the 1990s the AVCC developed schemes in thirteen fields of study, implementing recommended minimum levels of credit for students with identified prior study in TAFE.⁵⁹ As an adjunct to the pilot schemes, the AVCC also developed the policy context through its Credit Transfer Principles and a related set of Guidelines on Recognition of Prior Learning.⁶⁰

In 1999 the AVCC and the Australian National Training Authority (ANTA) commissioned Jane Carnegie of VETASSESS to examine cross-sector linkages between universities and VET, in particular articulation arrangements and credit transfer.⁶¹ This was in response to concerns that the competency focus of training packages in VET could hamper credit transfer arrangements, and about the lack of any general arrangements for students with higher education qualifications seeking a related VET qualification. The project was also seen as a useful basis for the AVCC to review its credit transfer project after some years of operation.

The final report provided a comprehensive overview of the current state of play of articulation, credit transfer and other types of qualification linkages between the higher education and VET sectors and the perceptions of the factors underlying these linkages.

The report highlighted the diversity of arrangements that have developed to improve pathways between the sectors including explicitly articulated awards, and awards concurrently studied for across institutions or within dual sector institutions. Despite proposing national level guidelines, the report acknowledged that effective linkages required local level consideration and design of the fit between the completed VET award and the proposed university course.

The AVCC responded to the report by supporting the need for a national policy statement on cross-sectoral qualification linkages, to emphasise the importance of effective linkages and provide a coherent framework for universities to work within. The AVCC approved a new set of guidelines on cross-sector qualification linkages to replace the former AVCC policy

⁵⁸ DEST, *Varieties of Learning*, 2002, (para 2).

⁵⁹ *Varieties of Learning* (para 31), states incorrectly that this program was developed by the AVCC and ANTA.

⁶⁰ AVCC, *Credit Transfer Principles and Guidelines on Recognition of Prior Learning*, 1993.

⁶¹ VETASSESS, *Pathways to Partnerships*, 2000. The report was commissioned jointly by the AVCC and ANTA but the views expressed in the report are not necessarily those of either organisation.

statements on credit transfer and articulation.⁶² These were subsequently largely adapted by the Australian Qualification Framework Advisory Board (AQFAB).⁶³

The question is how to take the linkages between the sectors further:

- to improve the existing arrangements for pathways and credit from VET to universities;
- to put in place effective pathways from university to VET; and
- to ensure a clear understanding of the nature of each sector and the courses that they provide.

VET to University linkages: improving the existing arrangements

26. The AVCC agrees that it is important to build further on existing pathways for VET graduates seeking university entry and for combined awards. The focus should be on:

- **improving universities' capacity to distinguish among VET graduates through effective grading of VET outcomes;**
- **improving information on available pathways and credit levels; and**
- **piloting higher education sub-degree programs.**

Qualification linkages benefit students through increased opportunities to obtain a broader range of skills and also for the relevant institutions by breaking down some of the cultural barriers that have traditionally existed between the sectors.

The AVCC supports improvements to facilitate the movement of students between the two sectors. Where a cross-sector qualification linkage is established, however, it must be credible in terms of the requirements of the “destination” qualification as determined by the institution offering that qualification.

As a general principle universities do not expect students to undertake as part of their course relevant work successfully completed at a similar level and standard elsewhere. The purpose of credit transfer is to avoid unnecessary repetition and allow the student to expand their knowledge and skills. This also saves the student time and resources in completing a degree. It is equally important not to put students in the position of being unable to cope, through over generous levels of credit. This means that high levels of credit have to be based on close analysis of both courses.

Table 5 of *Varieties of learning* makes clear the success of existing credit transfer arrangements. Of TAFE graduates in bachelor degrees in 2001, 53% have received credit and a further 30% did not intend to ask for it. Only 9% have applied and not received credit. This shows both that credit is usually received where students seek it, but equally that for a substantial number credit is not an issue.

⁶² AVCC, *Response to VETASSESS Report*, 2001, and AVCC, *Policy Guidelines on Cross-Sector Qualification Linkages*, 2001.

http://www.avcc.edu.au/students/credit_transfer/index.htm

⁶³ AQFAB, *Guidelines on Cross-Sector Qualification Linkages*, 2001.

Arguments that students are forced to develop too many individual, ad hoc pathways miss the point.⁶⁴ While universities have recognised many standard pathways, the challenge is to ensure that students can create their individual pathway reflecting the multiplicity of potential needs. Top down, system wide, agreements will not provide the outcomes needed. Rather the focus should be on improving information for students about what pathways are available and their capacity to seek new ones.

It is also important not to privilege VET graduates over other applicants to university. Universities are forced to rank applicants from a range of backgrounds, of which school leavers are the largest group but not the majority. Each university has its own approach to doing this, giving different weight to a range of factors.⁶⁵ Without an increase in available places, enrolling more VET graduates will impact on enrolments from other groups of applicants.

There are three areas in particular where there should be enhancements to credit transfer and articulation arrangements.

Firstly, universities find it difficult to select VET students into courses with strong demand since selection committees are not always able to differentiate between VET graduates or compare their claims with those of other types of applicants.

The AVCC strongly supports the development of effective arrangements for the grading of VET results when desired by students so that universities are better able to assess such applicants in comparison to school leavers and the other applicant groups. Work is already underway to develop grading for VET-in-school and there are arrangements in some dual sector universities. These should be used as the basis for making arrangements for grading of VET results more widely available. In some cases, the graded assessments might then feed into a university entrance score allowing for direct ranking with school leavers.

Secondly, it is important that cross-sectoral movements are not inhibited by a lack of awareness of opportunities. VET students need to be aware of the opportunities for higher education study associated with their course of study. Information about higher education course opportunities (including cross-sectoral linkages) is currently publicised by the AVCC, AQFAB, and relevant universities through their web pages and publications and in the course guides published by the various State admissions centres. South Australia, for example, has developed an on-line, statewide, credit transfer and articulation directory.⁶⁶ Awareness of higher education opportunities on the part of VET teachers and student course and careers advisers is also an important factor in this regard.

Co-ordination of these initiatives, and the extension of online information to other States, would assist students having ready access to up to date information. The AVCC would extend its websites information on credit transfer arrangements to include this information.

Thirdly, the issues paper⁶⁷ raises the option of introducing a two-stage approach to undergraduate study where the first two years leading to a diploma is undertaken through a

⁶⁴ For example, *Varieties of learning*, p15 extract from ANTA submission; p22 para 76.

⁶⁵ *Varieties of learning* p22 para 80, creates an unhelpful dichotomy between “merit” and “open entry policies”.

⁶⁶ See SA Department of Education, Training and Employment, 2002 *TAFE South Australia Credit Transfer Directory* <http://www.credittransfer.sa.edu.au/>.

⁶⁷ DEST, *Varieties of Learning*, (para 55).

VET provider, followed by a further one or two years' study to obtain a degree from a university. The provision of joint courses by a VET and higher education provider is possible under current arrangements and there are a number of examples. These options are examples of the ways in which universities work to provide a variety of options to improve access to university education. The issue is how to encourage such arrangements to provide an effective path, which will suit some potential students, without undermining the degree finally conferred.

As part of the diversity of university education, it would be of value to pilot higher education sub-degree programs to allow for an alternative exit point. This option could be developed within dual sector institutions, or between a university and its regional TAFE in the first instance. Based on close knowledge of the VET provider, universities in this position could offer an alternative pathway for students whose prime need in the early years of a degree is development of their capacity for independent learning. This arrangement could allow for the first one or two years of a degree to be taught through the VET provider, or VET part of the institution, under supervision of university staff. Such students would be enrolled in a sub-degree award accredited and awarded by the university.

The key issue is that the university can assure that the other provider is capable of providing a learning environment able to support a level of teaching consistent with its own directly provided courses.

An issue that is causing unneeded confusion in this context is what charges students undertaking a course by a non-university provider should pay. This clearly must tie back to the status of the course they are enrolled in. If they are pursuing a VET award the relevant VET charge should apply, regardless of whether it can articulate to a university course since there is no requirement for the student to continue beyond the VET course. If they are enrolled in a higher education course they should either pay HECS – if they are enrolled in a Government funded place – or the relevant provider's higher education charge if it is non funded provision.

Pathways for students moving from higher education to VET

27. More effort is required to establish consistent recognition by the VET sector of specific and generic skills gained through university study.

The credit transfer and articulation arrangements developed to date have assumed that the student flow (and hence demand) is in one direction namely from VET to higher education. The data presented in *Varieties of Learning*⁶⁸ suggests that larger numbers of students move in the opposite direction. Although the data on which these conclusions are drawn may not be strictly comparable it is clear that there is a sizable movement of students in both directions.

The imbalance in qualification linkages needs to be addressed. Whilst on occasion it may not be appropriate to give credit for university qualifications towards VET study when totally new skills are being acquired, there should be more effort to establish consistent recognition by the VET sector of specific and generic skills gained through university study.

⁶⁸ DEST, *Varieties of Learning*, 2002 (pp 7-8).

*Varieties of Learning*⁶⁹ is strangely hesitant about this issue, listing a number of difficulties that, as it acknowledges, equally apply to VET to university pathways. An effective set of pathways has to operate on the basis that movement in all directions is worthwhile, overcoming assumptions of a necessary path “upwards” to university.

The obligation on the VET sector to be flexible and creative is just as strong as that on universities.

Understanding the nature of the two sectors and the courses they provide

28. The AVCC supports the Australian Qualifications Framework being re-formulated so that each award can be accredited through one sector only. This will provide a clearer delineation between the sectors based on the qualifications offered.

In Section Two the AVCC sets out how university education is distinct from vocational education and training. In this section the AVCC considers further how this is reflected in the awards each sector offers.

Universities are self-accrediting institutions, responsible for accrediting the standard of their own awards. The AVCC recognises that there are higher education processes in each State and Territory to accredit higher education courses offered by providers that do not have self-accrediting powers. These processes, both self-accreditation and State accreditation, must be rigorous to ensure the credibility of higher education awards in Australia. If not, then public acceptance will focus on the institution not the award, as is the case in the United States.

The AVCC therefore rejects approval through VET processes of bachelor degrees, graduate diplomas and certificates or other higher education awards. These are higher education qualifications and should remain so to avoid confusion. Likewise, those universities offering certificates have VET accreditation for them and are providing VET qualifications.

If there is a case for additional VET awards then these should be established using new award titles.

Some debate has arisen from the decision of the Victorian Government to allow its TAFEs to seek approval to provide bachelor degrees in some fields. TAFEs are able to apply for accreditation of higher education awards, just as other education providers may. In doing so, however, it is important that TAFEs do not put at risk their prime focus, which is the provision of high quality vocational education and training to meet the requirements of industry. If such courses are approved, the TAFE operates those courses as a higher education provider – it is not providing a VET degree.

To improve clarity concerning which awards are approved through which sector, it may be sensible to change the remaining dual sector awards, diplomas and advanced diplomas, into VET awards only, since they are primarily offered through VET processes, and not establish further dual sector awards. The existing dual sector awards reflect the historical position of overlap, an overlap that has substantially reduced over the past decade as universities have pulled back from diploma awards.

⁶⁹ DEST, *Varieties of Learning*, 2002 (p12).



8. The governance and management of universities

Meeting the Challenges generally argues that the operation of Australia's universities is the responsibility of their governing bodies and management, with limited call for external overview. It acknowledges that it is not a useful role for the Government to become involved in operational decisions. Rather it should set the relevant framework within which universities operate.

Setting the balance of accountability

29. It is essential that universities' accountability and regulatory frameworks, at both Commonwealth and State and Territory level, support rather than hinder universities' capacity to undertake the full range of activities that achieve their missions.

30. It is important to find the right balance between external accountability that maintains public confidence in the operation of each university and each university's capacity to set its own direction to achieve its objectives.

31. Universities' involvement in activities that are privately funded extends their contribution to Australia's longer-term well-being, but also challenges some of the assumptions behind existing accountability requirements.

32. The focus for reform should be to ensure that governing bodies are able to deal effectively with the full range of university activity.

33. The Commonwealth, State Governments, and the AVCC through MCEETYA, should develop streamlined reporting arrangements to both levels of Government that focuses on essential information requirements and removes restrictive regulation and administrative overload.

*Meeting the Challenges*⁷⁰ rightly identifies as a major issue the need to find a framework for university accountability that responds to the suite of activities universities undertake in pursuit of their missions.

Universities are currently subject to a plethora of regulation under their enabling acts and a wide range of other legislation. This regulatory framework was developed over recent decades against a paradigm of universities as publicly funded bodies providing teaching and research to the level funded by Government. In setting these requirements, States and Territories⁷¹ essentially treat universities as public sector statutory bodies, without always exploring whether this in all cases sits well with the nature of universities and their current activities.

Universities pursue the goals of teaching, research and community engagement through a broad range of activities. Many of these are listed in Section One. In each of these activities universities contribute to their key role in developing Australia's economic, social and cultural well-being.

⁷⁰ DEST, *Meeting the Challenges*, 2002.

⁷¹ And, in the case of the ANU, the Commonwealth.

All university activities involve risk, even providing Government funded teaching and research which is more and more tied to performance. A number of these activities are in areas that are relatively new to universities, such as working with commercial partners and entering into financial arrangements with such partners. This raises legitimate questions about how universities ensure they enter such arrangements properly, that they protect themselves from unnecessary risks, and, ultimately, that they have properly assessed the long-term value of the activity.

Concerns about the wider range of university operations have put the focus back onto the States and Territories. In recent times a number of State reports have been produced:

- New South Wales' *Universities Legislation Amendment (Financial and Other Powers) Act 2001* requires universities to provide guidelines for commercial activities to the Minister for approval and governing bodies to maintain a register of commercial activities. Universities can also be asked to report on their commercial activities to the Minister;
- the NSW Independent Commission Against Corruption (ICAC) has reported on the risk of corruption in the ten public universities in New South Wales.⁷² ICAC does not say that universities are corrupt but that the pressure of competition for funding and clients has put universities in the high-risk category for corruption; and
- Victoria has commissioned a series of reports.⁷³ The review of university governance provided a balanced assessment of the respective responsibilities of universities and government. It concluded: "...requiring prior Ministerial approval of specific commercial activities would weaken, not strengthen universities' governance. The review therefore proposes a distinctly Victorian approach, which strengthens universities' governance by increasing the responsibilities of university councils to oversee their university's commercial activities and to protect the public interest".

There is a considerable challenge for universities to articulate a viable public accountability regime that supports rather than hinders their role. It is important that attempts to ensure greater accountability in relation to the commercial operations of universities do not infringe on the ultimate responsibility of a university's governing body for the strategic direction of the university, or hamper its capacity to engage in commercial ventures through imposition of an inappropriate accountability framework.

The prime responsibility for this lies with the States and Territories, to which universities are accountable for their overall operation in achieving their missions, through setting the responsibilities of universities' governing bodies and ensuring they have the membership and powers to carry these through. The Commonwealth has also stated clearly that any commitment to reducing reporting requirements is partly dependent on the confidence it has in university governance. How this could be improved is discussed below.

The role of the Commonwealth is different.⁷⁴ It is the major single funder of universities and sets requirements for the use of those funds. Its accountability arrangements should focus on

⁷² ICAC, *Degrees of Risk*, 2002.

⁷³ Victorian Auditor-General's Office, *International Students in Victorian Universities*, 2002; Victorian Department of Education and Training, *Review of University Governance*, 2002.

⁷⁴ Noting that in regard to the ANU it has the same responsibilities as the States.

the outcomes from those funds and not extend significantly to the detail of universities' other activities. The present broadly worded paragraph 18(1)(g) of the *Higher Education Funding Act*, which gives the Minister the power to ask for any information in relation to the provision of higher education by funded universities, needs amendment. It should be amended to limit its application to information clearly related to the use of Commonwealth funding and also in respect of the collection of limited administrative data from universities.

The Commonwealth, with the States, also has a broader interest in developments in higher education and national research and development. This is not a question of accountability but of universities working with Governments to ensure effective public policy concerning higher education.

Both levels of Government require substantial reporting, much of it input focused and often of limited use. It is important to streamline the accountability and regulatory frameworks consistent with the independent role of universities to provide relevant and useful information in a nationally coherent way that focuses on essential data items and information relating to university achievements and performance and avoids collecting data that is rarely used. To support this, the AVCC has argued in Section Two for the creation of a national data agency to collect and publish all higher education data to provide basic public information on the outcomes and performance of Australia's universities and higher education providers.

But more is needed. Effective reform of university reporting for accountability and other purposes requires the Commonwealth and State and Territory Governments to develop and implement a national protocol.

Real improvements in this regard will require co-operative Commonwealth and State work, acknowledging that both levels of Government will wish to retain a role in higher education. Considerable savings will accrue to universities, the Commonwealth and States by a more balanced approach to the collection of information.

University governance

34. The membership of university governing bodies must reflect the skills and attributes required for an effective university governing body. Given the complex set of university roles, the range of skills and attributes required is wide.

35. In consultation with the AVCC, the States and the Commonwealth should develop a clear and explicit statement of the desired properties of an effective governing body.

36. Reform of governing bodies, where required, should focus on:

- **ensuring all governing bodies have the power to select some of their own members such that governing bodies possess the necessary skills and attributes; and**
- **ensuring all members act in the best interests of the institution, and not as delegates representing the vested interests of particular groups.**

The enabling State legislation for all universities stipulates that responsibility for governance and management of each university is vested in a governing body and stipulates their size, structure, membership and function.

Prior to 1988 governing bodies were quite large with membership from a wide range of stakeholders. These included academic and general staff, students, members of convocations, parliamentarians and ministerial appointees from business, law, the arts and other community bodies. The emphasis was very much on collegial decision-making and membership tended to reflect internal stakeholders more than external.

The size, composition and functioning of governing bodies has been the subject of much attention both in government reviews and within universities themselves. Currently governing bodies range in size from 13 members at Bond University to 35 at the University of Queensland. Twenty-seven universities, or 71% of the AVCC's membership have governing bodies of between 20 and 25 members.

By way of contrast, in 1990 governing bodies ranged from 17 to 44 members. The trend towards smaller governing bodies can be seen by the fall in the average size of governing bodies from 27 in 1990 to 21 currently. Most of the decrease is, however, attributable to changes in the States of Victoria, South Australia and Tasmania.

While this is short of the target of 10 to 15 members set by the Hoare Committee in 1995, the AVCC believes that the effectiveness of governing bodies is not related solely to their size. Universities have found it beneficial to maintain the collegial aspect of governing bodies, which is likely to be jeopardised if membership is too small. The Hoare Report itself expressed the view that the size of the governing body is less important than the quality of the membership and the quality of the information made available to members and their ability to act upon it.⁷⁵

Governing bodies require the necessary mix of skills to cover the tasks required of each governing body, noting that external members can have limited time to contribute, and an appropriate balance of internal and external members, between continuity and turnover in membership, and between members elected by stakeholders and those selected for their expertise.

There is no compelling case for standardising the size, composition and functioning of university governing bodies. Indeed, the diverse range of university missions makes it likely that there will be variations. For universities in some States (notably South Australia) their governance arrangements are effective. However, there are legitimate concerns about the effectiveness of university governance in some jurisdictions, which support the need for reform in those States.

This could be achieved through the States and the Commonwealth working with universities to develop a clear and explicit statement of the desired properties of an effective governing body, in consultation with universities. Membership should be defined in terms of a core set of skills that should be available, which should include financial, legal, audit and commercial skills. It remains important for university governing bodies to draw on members from a wide range of backgrounds, including from within the university itself but it should be made explicit to all members that they have an overriding responsibility to serve the interests of the university. This is especially important for members elected by, or selected from, particular groups who must not to act as a representative for that group.

⁷⁵ Higher Education Management Review, *Report of the Committee of Inquiry*, 1995.

The AVCC sees limitations, however, to the analogy of the governing body being like a Board of Directors. While universities must increasingly act in a business-like manner, they are not businesses or companies in the standard sense, the boards of which are legally obliged to optimise financial returns to shareholders.

Currently few governing bodies can select additional members who will fill gaps in terms of needed skills, because their enabling legislation is prescribed too tightly, with more regard being paid to stakeholder categories than to desirable attributes. It is important that all governing bodies have the capacity to make additional appointments to fill gaps in membership skills or attributes. This could be achieved by amending enabling legislation to allow a certain number, or proportion, of members to be co-opted in this way.

For university governing bodies and executive management to perform their respective roles effectively, a distinction needs to be maintained between governance and executive management: “The governing body should have strategic planning oversight for the university. It should set the broad strategic framework within which the Vice-Chancellor and senior university administrators can operate.”⁷⁶

Workplace relations

37. Universities require realistic financing arrangements and other targeted changes, to work within the enterprise bargaining framework to develop appropriate salaries and conditions for staff and more flexibility in categories of employment.

38. To support this the Government should:

- **quickly finalise universities’ second round applications for the Workplace Reform Program, noting the limitations of the program as identified in the issues paper; and**
- **improve industrial legislation by providing clearer guidance to the Australian Industrial Relations Commission on the circumstances in which it might intervene in industrial action. The guidance should emphasise the centrality of collateral, or third party, damage thus giving primacy to the welfare of key stakeholders such as students.**

Workplace relations in the higher education sector is undertaken in the context of an industrial framework established by the Workplace Relations Act and awards of the Australian Industrial Relations Commission (AIRC) such as the Higher Education Contract of Employment Award. Each university is influenced by a range of internal and external factors.

After three rounds of enterprise bargaining, variations in salaries have emerged. At the end of the third round of enterprise bargaining, difference between the highest and lowest salary for academic staff will range from 5.8% to 7.7%, and for general staff from 7.3% and 13.8%. These figures relate to the formal salary levels and do not take account of additional payments for some staff based on their particular skills, meeting market rates for people in particular fields, and other recognitions of performance. Within some universities, over-agreement pay may vary from discipline to discipline, and from employee to employee, reflecting market pressures and individual performance.

⁷⁶ Higher Education Management Review, *Report of the Committee of Inquiry*, 1995, (p42).

Universities' enterprise bargaining agreements demonstrate that whilst the subject matter may be common, the treatment in individual university agreements varies, sometimes quite considerably. It is apparent, however, that universities have addressed a wide range of matters with some degree of consistency. Such matters include managing change, the types and modes of employment, redundancy and performance management.

This is partly due to the national award framework from which many of these matters have emerged, the national Commonwealth funding system and the pattern bargaining approach adopted by the National Tertiary Education Union. Further, universities operate in a national, and increasingly international, market such that substantial differences in conditions and salaries for comparable positions are unlikely. Variation should focus more on differences in conditions and working arrangements to reflect different teaching, research and administrative arrangements.

The Workplace Reform Program has recognised many of the changes that universities have implemented but its criteria are unduly skewed by the Government's preferences for some types of changes over the changes that are useful for universities. This has perversely led to an increase in regulation and uniformity, and a reduction in flexibility. The second round of the Workplace Reform Program should therefore be completed as soon as practicable with the funding becoming part of the core funding of each university and then subsumed into the reform flowing from the review.

There are also external constraints. Universities have found it difficult to get the AIRC to intervene to protect the rights of students who are adversely affected by industrial action. In a case involving the University of Western Sydney, an industrial commissioner described union bans on examination results as "morally and ethically wrong" but was still unable to order a cessation of the industrial action.⁷⁷ Such action severely limits university management's capacity to negotiate effectively due to the overriding need to ensure the provision of results to students.

The challenge for universities is to enhance their individual identity and priorities. There has been a shift away from common, uniform conditions and salaries. Further progress will take time and resources to achieve. However, through appropriate use of the opportunity provided by the enterprise bargaining process, universities individually are achieving outcomes that serve their longer-term interests and will continue to do so.

Universities' capacity to do that should be strengthened in the following ways:

- by implementing the AVCC's financing framework universities would have greater capacity to set salaries and conditions suited to the needs of individual institutions, including widening the use of variable packages for staff; and
- industrial legislation should be improved by providing clearer guidance to the AIRC on the circumstances in which it might intervene in industrial action. The guidance should emphasise the centrality of collateral, or third party damage thus giving primacy to the welfare of key stakeholders such as students.

⁷⁷ Australian Higher Education Industrial Association, Submission 196 to Higher Education Review.

9. Financing effective Australian universities

The heart of the present review is to provide the structural base to underpin substantial re-investment in our universities from both public and private sources. The present financing arrangements hamper universities:

- funding is not adequate for the outcomes required;
- the allocation of publicly funded student places is too rigorously controlled by Government; and
- the funding incentives do not reward the pursuit of diverse missions.

39. Australia will not be able to continue to provide the necessary quality of education, research, professional training, research training, consultancy and regional support it needs for its future, at present levels of funding.

40. Australia's universities need more than additional investment and resources. The way in which public investment is distributed to universities needs reform that will underpin the diversity of universities' individual missions.

41. The AVCC's financing framework provides the needed context for reform.

42. As part of the reform outcomes, State Governments should remove payroll tax from universities.

An effective structural base must consider the full range of university activities and the financing sources that support them. The range of university activities is reflected below in Figure Five. They can be grouped into three categories:

- universities' core teaching, research, research training, and community engagement purposes. It is the prime responsibility of Government investment to support these core activities, supported by a fair and effective contribution by students;
- specific social, educational and research goals that require targeted support from Government, based on universities' capacity to achieve the intended outcomes, such as: distinct regional roles and obligations; the encouragement, and support, of disadvantaged groups; specific research projects; and incentives for university specialisation, diversity and efficiencies; and
- provision of additional teaching, research and advice in response to demand from employers, people in the workforce seeking postgraduate education, business, community groups, Government and international students. Provision of these services directly reflects universities' performance in supplying the required services and extends universities' capacity to contribute to the future well-being of all Australians.

This section discusses the AVCC approach in developing an appropriate financing model. A framework is set out below, with details provided at Appendix One.

AVCC university financing model

1. Each university is funded for a range of publicly funded student places, with the range set each year in response to factors such as student demand, participation rates and university performance. Over time, student numbers at different universities will increase and decrease.
2. Each university receives a base grant for its core activities of teaching, research and community engagement. No university will receive less for its existing profile of student load.
3. To improve quality, the core grant increases each year.
4. To meet existing demand, the number of funded places will increase through to 2007.
5. The core grant is indexed by an indexation factor equal to the indexation applied to school funding, to maintain the core grant's real purchasing power into the future.
6. There is a standard student contribution (HECS) for Government funded places set at the current rates and indexed. Universities are able to vary, up or down, the HECS rate for each course, acknowledging that the Government sets an upper and lower limit to the amount by which the contribution may be varied.
7. Universities are eligible for performance driven funding to support and reward the enrolment and graduation of students from designated under-represented groups. Funding is substantial and – at least – matches the total income raised by universities from HECS contributions above the standard contribution.
8. There is an effective mix of core research funds and competitive project and infrastructure research funds. Core funding increases each year and is distributed based on an evaluation of each university's relative research performance and potential. Project funds are distributed based on competitive assessment of project proposals.
9. The distinct regional roles and obligations of universities are promoted through contestable funds specifically provided and targeted for such purposes.
10. To encourage specialisation, diversity and efficiencies within universities – through rationalising courses, removing unnecessary overlap, preserving important but otherwise unviable disciplines, and forging partnerships and strategic alliances – there are contestable funds specifically provided and targeted for such purposes.
11. Reformed student income support arrangements ensure that students do not need to work long hours to support themselves, but have sufficient income to work effectively at their studies. The reformed arrangements will in particular provide for students who need to move residence to attend university.
12. A diverse, sustainable and world-class university sector is further supported by government policies to help universities maximise revenue from philanthropy and activities such as international students, consultancy, and commercialising intellectual property.

The level of public and private investment must be set to reach 2% of GDP by 2020

One of the AVCC's goals for 2020 is that *effective national investment in higher education will underpin the international quality of Australia's universities*. The AVCC's symbol for this aspect of the vision is that investment in higher education be 2% of GDP by 2020. Without this investment we will not be able to achieve the other vision elements concerning access, effectiveness of research, and internationalisation.

To meet the AVCC symbol substantial additional investment is required. The necessary investment could come from both public and private sources, but must reflect the essential public nature of the university sector.

To ensure that the additional public investment is well used, access to public funding must be driven by universities' individual performance in pursuing their particular missions. Performance must be assessed against the particular objectives of each university and not seek to impose rigid, common, outputs across all institutions.⁷⁸ The structure of the financing arrangements must reward performance and the capacity of universities to develop in different directions according to their missions.

The AVCC financing model proposes the first stage of additional funding. It sets a target for 2007 that the Government needs to achieve through staged introduction over 2004 to 2006.

Effective, flexible, responsive universities require substantial funds for their ongoing general teaching, research and community engagement

Universities' core teaching, research and community engagement roles can only be effectively carried out if universities receive substantial core funding that they have the discretion to use flexibly.

These funds provide for universities' core needs: including teaching and basic research infrastructure, such as information resources, notably international journals and books, and equipment that reflects recent developments in technology; and for capable staff – the most essential element for effective teaching.

The decision on how the funds are used must lie with each university. The test is the outcomes generated with those funds. The achievements of universities over the past decade demonstrate that they have used this investment very effectively.

The *Higher Education Funding Act 1988* reflects the importance of giving universities the flexibility to allocate resources to meet priorities across a broad range of activity. It provides operating funding that can be used for general teaching purposes, general research purposes, continuing education and capital projects, purchase of equipment, and minor building projects for those three purposes.⁷⁹

⁷⁸ The recent report by the Allen Consultancy Group for the Business Council of Australia unfortunately fell into the trap of proposing simplistic common measures: *Higher Education in Australia: Developing a New Data Framework and International Comparisons and Issues*, 2002.

⁷⁹ *Higher Education Funding Act 1988* s3, definition of 'operating purposes'.

However, there has been a decided trend to tie new funds to specific application based programs, creating a myriad of small expenditure programs that set input controls on universities, which also brings considerable administrative costs.

It is essential to reverse this process by replacing unnecessary micro level expenditure requirements with performance related elements of universities' core funding through a focus on their capacity to attract students and undertake research of a high quality.

There must be an effective and fair mechanism for determining each university's core funding

Universities' present funding levels reflect their historical allocations as determined by the relative funding model in the early 1990s, and since amended for additions and reductions in load, often at a national average rate per place. The result, one decade later, is that the distribution of funds does not necessarily reflect the relative discipline profile of each university.

In the context of additional core funding for universities - an essential element of the AVCC financing plan - funding levels should be reset according to universities' ongoing discipline profiles to reflect a reasonable price for courses. The determination of any inequity, and the precise mechanism for equitable distribution is a responsibility of Government.

Part of that process should consider the cases of particular high cost courses. Universities' capacity to meet domestic demand for these courses is severely limited by the cost implications, while endeavoring to meet such demand can distort universities' other offerings. An option to be considered is for the cost of such courses to be properly met, but with constraints on how many Australian students can be enrolled (such as now exist for medical students).

The real purchasing power of Government funding must be maintained through realistic indexation

The present indexation of university funding does not maintain its value from one year to the next.⁸⁰ This is a critical issue for universities. Since 1995 the effective purchasing power of universities' base funding has reduced by over \$500 million dollars, without taking account of universities' requirements for international purchases using a lower valued Australian dollar. Universities have been less able to afford information resources, notably international journals and books, equipment that reflects recent developments in technology, and pay rates that attract and reward the most capable staff. Effective reform of university financing must include indexation arrangements that will ensure the value of Government funding is maintained into the future.

There are a number of options that could provide an alternative index:

- Average Weekly Earnings as the wage related factor in the index. This would maintain value compared with Australia wide salary movements;

⁸⁰ AVCC Fact Sheet 5, *Maintaining the Value of University Funding*, 2001
http://www.avcc.edu.au/news/public_statements/publications/facts01/facts_sheets.htm.

- the Wage Cost Index as the wage related factor in the index. This would maintain value compared with the underlying community wide movement in wages, excluding productivity based increases; and
- the index calculated for Commonwealth school funding, which would recognise changes in both non-salary and salary costs.

Of these, only the schools index reflects a mix of salary and non-salary costs. It would provide a suitable mechanism to maintain the purchasing power of university grants.

Research funding must involve core funding, support for high cost research infrastructure, and grants to support the most worthwhile research projects

An effective national research program requires a plurality of mechanisms to identify and reward quality research.

Over the past decade most new research funding has been allocated to research projects rather than block grants. This has achieved a significant rebalance of research funds towards specific projects. We now need to build on that balance through developing all aspects of research: universities' core research funding, research block grants based on universities' overall research performance, and grant programs based on competitive assessment of specific research proposals.

The ARC has proposed that all research funding be allocated on a competitive project specific basis.⁸¹ The AVCC rejects this proposal. The ARC's approach is premised on a redistribution of current funds, rather than looking to investment of the necessary funds to support the real cost of its projects. The proposal would compromise universities' ability to plan and develop their research portfolios and niches strategically and would jeopardize excellent research being undertaken by non-grant funded staff and in presently non-priority fields. In particular, it could reduce the funding available to good researchers in social sciences and the humanities, where substantial project grants are not necessarily required for effective research.

It is now necessary to re-invest in university research block funds:

- to ensure that universities have research funds to support innovative developments in areas that have not been identified by external agencies as being of importance, thus protecting Australia's future;
- to ensure that courses remain grounded in ongoing research and scholarship, through supporting a core of scholarship and research in each major area taught by a university; and
- to ensure that, as new courses are developed there is a viable level of research associated with the field that allows it to develop effectively into the future.

The Review process has also asked about the relationship of university research to the research carried out by the Government's research agencies, such as the CSIRO. The pluralist model set out above for universities could equally apply to these agencies. That is,

⁸¹ ARC submission 341 to the Higher Education Review.

the research agencies would receive core funding, driven by the specific missions and research achievements, and compete for project specific grants. In such a model, the agencies would have to contribute a portion of their present funding to the competitive pool and compete for the larger pool against the other agencies and the universities. Other options, as raised in *Setting Firm Foundations*, range from collaborative activities to subsuming the Government research agencies within universities. This is an issue the Government must address as part of the Review process and its implementation.

HECS repayment arrangements must be made more affordable

It is important as part of the Review process to address HECS' major weakness - its very low repayment threshold of \$23,242. This level means that repayments are required once a student is in almost any full-time position and many part-time positions. For many, HECS is being repaid as they study.⁸² This is particularly true for mature age students, often with families, who have reduced their income to study for their longer-term benefit.

The threshold should be set at a level that recognises the advantages gained from university education, whether Average Weekly Earnings (the benchmark when HECS was introduced, now \$42,880) or possibly average starting salary for graduates in first time employment (\$35,000 for graduates in 2001).⁸³ To help minimise the reduction in the repayments initially received by Government through implementing a higher threshold, the Government could consider higher repayments levels for graduates with high incomes.

Universities' privately funded activities require support and the removal of barriers

Universities generated earnings of some \$3.6 billion in 2000 from fee-paying postgraduate students, international students, courses designed for particular employers, contractual research and development, and general consultancy advice. This represents a whole suite of activity that contributes to Australia's economic and cultural well-being. It also represents funds earned by universities based on external assessment of their performance.

As discussed elsewhere (see Sections Three and Eight), existing accountability structures and Government requirements can hinder universities' capacities to develop these activities to their optimum level. An effective financing framework for the future must address these hindrances and look to active Government support to promote these activities.

In addition, and in varying degrees, universities receive philanthropic donations that allow them to expand the range of their activities, in particular to support teaching or research that might not otherwise be done. They received \$321m in 2000 for other operating revenue (which includes philanthropic income).⁸⁴ With more effective taxation arrangements philanthropic donations could be expected to increase from their present small level.⁸⁵

⁸² *Paying their Way* Table 2.1 shows that part-time students had an average income of about the HECS threshold.

⁸³ GCCA, *Graduate Starting Salaries 2001, 2002*.

⁸⁴ DEST, *Selected Higher Education Finance Statistics 2000*.

⁸⁵ Submission 28 to the Higher Education Review from Professor Roger Holmes, Vice-Chancellor of the University of Newcastle, <http://www.dest.gov.au/crossroads/submissions/pdf/28.pdf>.

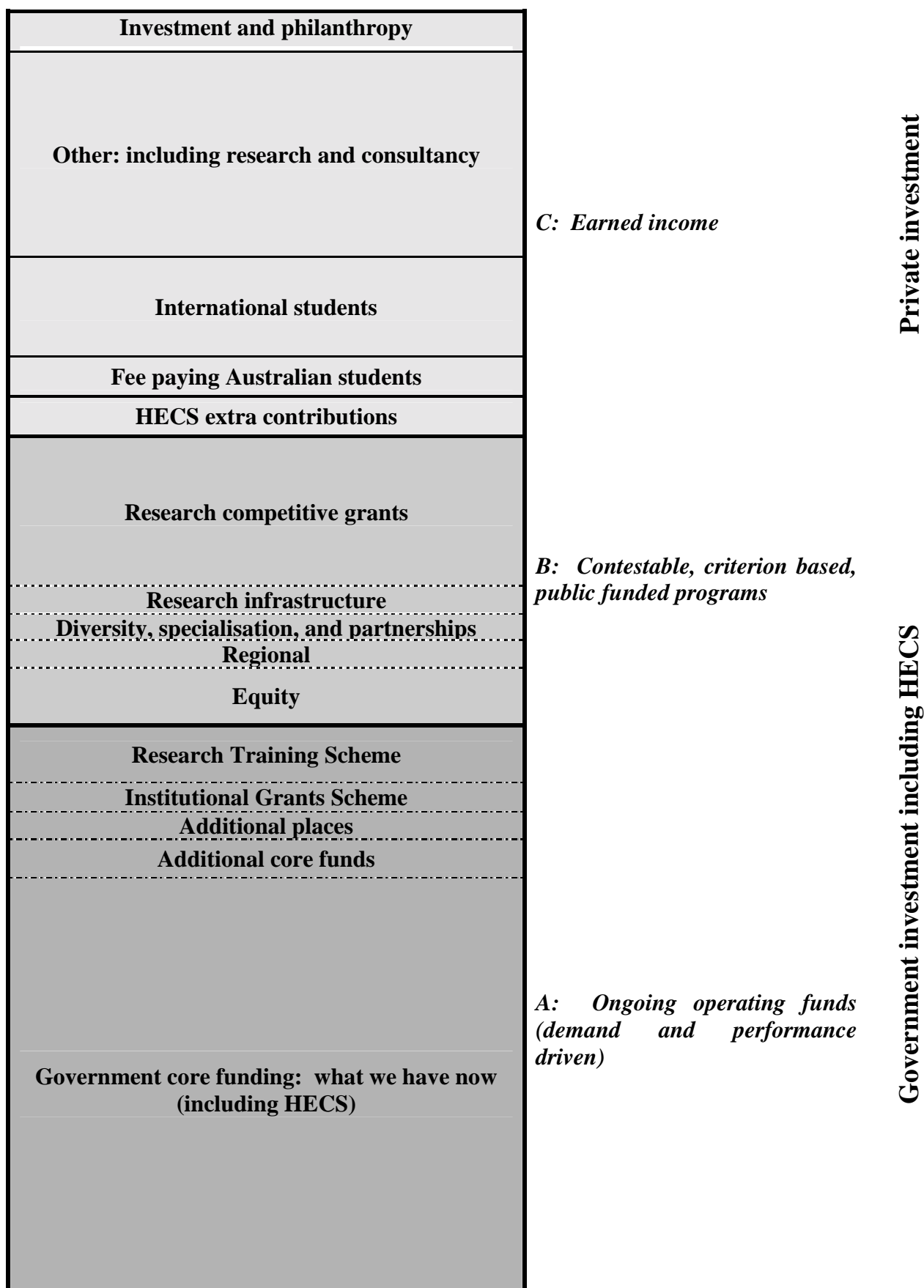
A further issue is payroll tax. In most taxation arrangements universities are treated on the same basis as not for profit organisations operating for the public benefit. However, universities are charged payroll tax by their respective State Governments. State Governments should remove this tax on universities to free up further funds for universities to invest in productive outcomes.

The new financing framework requires effective transition arrangements

The AVCC's financing reform framework sets out a dynamic financing framework that will reflect university's success in achieving their missions. To implement the framework requires an effective transition period. During this period each university should have the opportunity to take advantage of the long-term arrangements with the surety that, if it continues to provide for its present mix of students and courses, it will receive at least its present level of funding.

An effective transition is essential if we are to build positively on the energy for change that now lies within the sector.

Figure Five: schematic picture of university financing sources



Appendix One: AVCC financing model for universities

The financing model will be introduced from the 2004 university year, phasing in over the following years. The AVCC has set the financial target it expects for each major element by 2007. It has not set the levels for 2004 to 2006 so as to give the Commonwealth Government some flexibility in how the model is introduced in reaching the target figures.

1. Student load, set for each university as a range

The initial range will be set for 2004, based factors such as on each university's capacity to meet demand from qualified students. Establishing the exact mechanism for determining the relative demand among universities is a responsibility of Government, with input from the sector. The sum of the upper limit of each university's allocated range will equal the total number of funded places available.

From 2005 forward, the range for each university will be adjusted in negotiation with each university, to reflect indicators such actual enrolments, participation rates, and the university's demand profile.

As the additional places are taken up, universities with strong demand will be able to grow further, with consequent reductions in the range allocated to other universities.

If the university enrolls beyond the upper band for a year, it will receive marginal funding for that year. If the university does not meet the bottom of the range for a year, no funds will be recovered but the under-enrolment will be a strong indicator that that university's range should be lowered in following years.

2. Universities' core teaching, research and community engagement funding

The core funding for each university will be based on its discipline profile and number of places. Funding for each university's discipline mix will take appropriate account of especially very high cost courses.

3. Increased core funding to improve quality

Average funding per place will increase each year from 2004 to reach an additional \$1200 per place in 2007, compared to the average funding per place announced for 2004.⁸⁶

Part of the additional funding will be distributed to resolve present imbalances in funding among universities, but in such a way that no university receives less for its existing profile of student load. The determination of any inequity, and the precise mechanism for equitable distribution, is a responsibility of Government.

From 2007, the additional funds for annual increases will be subject to performance requirements.

⁸⁶ DEST, *Higher Education Report for the 2001 to 2003 Triennium*, 2002.

4. *Additional student places to meet a reasonable level of demand*

The total number of funded places available will increase each year from 2004 to reach 20,000 by 2007 (including the pipeline effect). (Part 8 below outlines additional research training places).

5. *An effective indexation mechanism that maintains purchasing power*

The core grant is indexed by an indexation factor equal to the indexation applied to school funding, to maintain the core grant's real purchasing power into the future.

6. *Student HECS, a standard student contribution, as varied where a university so chooses*

There will be at least three standard student contributions, based primarily on course costs, set by the Government.

- Universities will have the option to determine the level of the student contribution above (and below) the standard HECS levels for each course, acknowledging that the Government will set upper and lower limits to the university set levels. Existing students will not pay additional amounts to complete their existing course.
- Where a university reduces the standard HECS amount, its total HECS income is accordingly reduced; where a university increases the standard HECS amount, the university retains the funds for its general operating purposes.

The benchmark for the initial HECS repayment threshold will be raised to average starting salary for graduates in first time employment (\$35,000 for graduates in 2001) over the period to 2007.⁸⁷ The remaining thresholds and rates will be adjusted accordingly, with an increase to the highest repayment rate to minimise the reduction in total HECS repayments each year to the Commonwealth.

7. *Funding to support universities capacity to enrol and graduate students from designated under-represented groups*

The funding provided by this element will rise each year from 2004 to reach \$200 million in 2007. Funding for this element will at least equal the total income universities raise from HECS contributions set above the standard rates.

The funding for each university will be based on its enrolment of students from the designated groups, and their progress and graduation performance. The funding will take account of the different costs of meeting the needs of the particular types of students, for example high cost students with disabilities. Accountability will focus on performance and avoid detailed acquittal arrangements.

The groups will adjust with time but initially will include: low SES backgrounds, rural, remote, disabilities, Indigenous and non-English speaking backgrounds.

⁸⁷ GCCA, *Graduate Starting Salaries 2001, 2002*.

8. *Research funding*

The Government will review the existing mechanism for assessing research performance as the basis for allocation of research block grants to ensure it best reflects research outcomes and national priorities.

There will be four main types of Commonwealth research investment.

a. The Research Training Scheme (RTS), with funding distributed based on an evaluation of universities' relative research performance.

- The RTS will expand each year from 2004 to reach 1000 places by 2007. The funding per place will increase each year from 2004 to reach an additional \$1200 a place by 2007 when compared to the average funding per place announced for 2004.
- In addition to the RTS, universities will continue to be able to offer fee paying places to Australian research students, but the students will have access to PELS.
- Funding based on research students' fields of study will reflect a reasonable number of cost levels rather than the existing high and low cost structure.

b. Institutional Grants Scheme (IGS), with funding distributed based on an effective evaluation of universities' relative research performance and potential.

- The IGS will be kept at 5% of total university core funding.

c. Funding for university research infrastructure, through Research Infrastructure Block Grants (RIBG) and funding for major significant, high cost, research infrastructure.

- Allocation to each university will be based on relative research performance for RIBG funds and specific competitive bids for major project funds.
- The funding for RIBG will increase each year from 2004 to reach an additional \$125 million in 2007, doubling the program.
- There will be a funding program each year from 2004 to cover very costly research equipment and facilities. Funding will increase each year to reach an additional \$100 million in 2007. Allocation to each university will be based on relative research performance for RIBG funds and specific competitive bids for major project funds.

d. Competitive research grants from funding councils such as ARC and NHMRC

- Competitive grant funding for ARC and NHMRC is currently being doubled. To maintain the expansion and to build on the greater research base in universities there will be additional funding each year from 2004, reaching \$150 million by 2007.

9. *Funding to support universities' regional engagement*

There will be funding for the program, each year from 2004, reaching \$100 million by 2007. Allocation of the funds will be contestable by universities, with performance outcomes defined.

10. Support for diversity, specialisation, efficiency and partnership

There will be funding of \$150 million over the period 2004 to 2007. The funds will be contestable, to provide:

- incentives for the maintenance of courses of particular fields;
- financial support for universities to withdraw from agreed fields; and
- incentives for universities to collaborate with other universities, other education providers, regional and community bodies, industry, business, professional bodies and Government agencies.

11. Student income support arrangements

The need to reform student income support arrangements is set out at Section Five. One aspect to improving income support is to ensure that students are not financially restrained from relocating to attend university.

In addition there will be additional postgraduate research student awards.

12. Universities' privately funded activities

The Government will act to improve support for universities' privately funded activities through:

- improved promotion of Australian university education internationally at a cost of \$100 million over the period 2004 to 2007;
- staged removal of visa charges for international students at an ongoing cost to Government of \$35 million;
- improved taxation arrangements for philanthropic gifts to university and for industrial investment in research and development.

State Governments will remove payroll taxation from universities.

Appendix Two: Diverse in what we teach; diverse in how we teach: university courses and fields

Australia's universities do not offer every course, let alone every subject. Nor do they wish to.

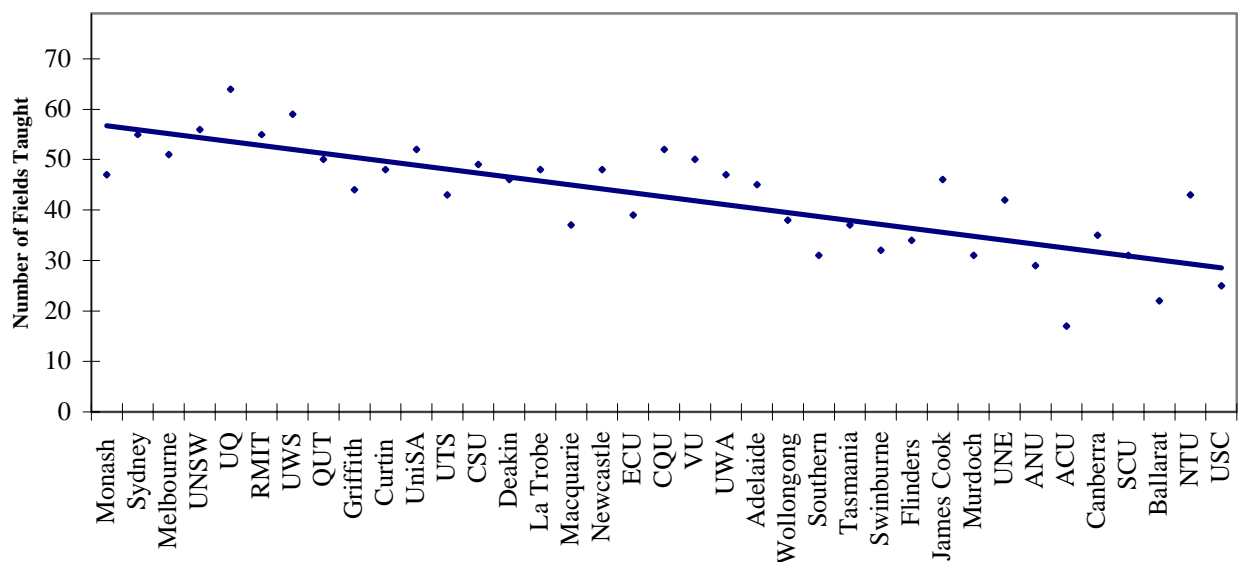
In *Varieties of Excellence* the review has released 2001 data relating to 79 "narrow fields of study". The data shows the number of universities teaching each field, and the number of fields taught at each university. In sum, it shows the more students a university has, the more of the 79 fields it teaches, as shown in Figure Six.

Varieties of Excellence has suggested that when so many universities teach fields, such as business and management or computer studies, there must be some unnecessary duplication. But these courses are offered at so many universities because of the level of student demand.

Just twelve fields account for nearly 60% of the students in Australia's universities – more than 20,000 students in each case. They are taught in as few as 19 universities, or – in the case of Business and Management courses, with more than 90,000 students enrolled – in as many as 37.

Having a number of universities teach each field also ensures that students can choose the course which suits them – in terms of content, the way it is taught, and where it is taught. For example, DEST has recently published a paper on online courses.⁸⁸ It shows that within the broad counts of fields or units that there are a number of specific courses taught wholly online. Simply removing 'duplication' could see such courses swept away.

Figure Six: universities – the number of fields taught (in descending order by the number of students enrolled)



Source: DEST, *Varieties of Excellence – Selected Statistics*, 2002, http://www.dest.gov.au/crossroads/pubs/varieties_of_excellence/statistics.htm

⁸⁸ Bell, Bush, Nicholson, O'Brien, Tran, *Universities Online: a survey of online education and services in Australia*, DEST, Occasional Paper 02-A.

Further, one key finding is that “there is little duplication reported of online courses” other than courses in e-commerce or online learning. The report supports the argument that there is significant variation in the content and mode of delivery of courses within specific fields to undermine claims of “duplication”. Diversity is more than just providing different fields; it is also about providing different approaches to major fields.

It is also important to remember that many of these “narrow” fields are in fact quite broad. The fields include groupings as extensive as “Studies in Human Society” – encompassing most of the humanities and social sciences – and as specific as “Radiography”. There is a high degree of overlap between many of these fields: “health”, “public health”, and “other health” are classified separately. This means that staff in a single course may find themselves teaching units in different fields. Assessing duplication and whether it is a problem is not a simple task.

What the data clearly shows is that there is a great diversity in university offerings:

- 17 fields – including fisheries studies, optical sciences, and creative arts – are taught by fewer than 10 universities.
- Only 19 fields are taught by more than 30 universities. These include mathematical sciences, computer science, public health, and biological sciences.
- These fields also tend to have the largest numbers of students. Those that do not – maths and chemistry – are areas fundamental to many other fields.
- On average, each field is taught in only 20 – or a little over half – of Australia’s universities.
- No university teaches more than about 80% of the fields, with the majority of the large universities teaching between 65% and 75%.
- A third of Australia’s universities teach fewer than half of the 79 fields, with the average teaching around 40.
- Some regional universities teach more fields than their size might suggest in order to provide a wide range of courses to their regions.

To confirm this, below are set out the number of fields of study taught by each university (Table Two) and how many universities teach each field of study (Table Three).

Table Two: Australia's universities: how many of the 79 fields do they teach?

University (ranked by number of students – lowest to highest)	No. of Fields Taught
University of the Sunshine Coast	25
Northern Territory University	43
University of Ballarat	22
Southern Cross University	31
University of Canberra	35
Australian Catholic University	17
The Australian National University	29
The University of New England	42
Murdoch University	31
James Cook University	46
Flinders University	34
Swinburne University of Technology	32
University of Tasmania	37
University of Southern Queensland	31
University of Wollongong	38
The University of Adelaide	45
The University of Western Australia	47
Victoria University	50
Central Queensland University	52
Edith Cowan University	39
The University of Newcastle	48
Macquarie University	37
La Trobe University	48
Deakin University	46
Charles Sturt University	49
University of Technology, Sydney	43
University of South Australia	52
Curtin University of Technology	48
Griffith University	44
Queensland University of Technology	50
University of Western Sydney	59
Royal Melbourne Institute of Technology	55
The University of Queensland	64
The University of New South Wales	56
The University of Melbourne	51
The University of Sydney	55
Monash University	47

Source: DEST, *Varieties of Excellence – Selected Statistics*, 2002

http://www.dest.gov.au/crossroads/pubs/varieties_of_excellence/statistics.htm

Table Three: fields of study: how many of the 37 universities teach them?

Office Studies	1	Civil Engineering	22
Mixed Field Programmes	1	Medical Studies	22
Automotive Engineering and Technology	2	Other Society and Culture	22
Optical Science	3	Natural and Physical Sciences	23
Other Mixed Field Programmes	3	Other Information Technology	23
Architecture and Building	4	Justice and Law Enforcement	23
Agriculture, Environmental and Related Studies	4	Architecture and Urban Environment	24
Food and Hospitality	4	Society and Culture	24
Forestry Studies	5	Other Engineering and Related Technologies	25
Veterinary Studies	5	Earth Sciences	26
Fisheries Studies	6	Curriculum and Education Studies	26
Dental Studies	6	Political Science and Policy Studies	27
Creative Arts	6	Visual Arts and Crafts	27
Other Agriculture, Environmental and Related Studies	7	Physics and Astronomy	28
Radiography	7	Communication and Media Studies	28
Other Creative Arts	9	Economics and Econometrics	29
Aerospace Engineering and Technology	10	Information Systems	30
Pharmacy	10	Nursing	30
Complementary Therapies	10	Sales and Marketing	30
General Education Programmes	10	Banking, Finance and Related Fields	30
Horticulture and Viticulture	11	Chemical Sciences	31
Librarianship, Information Management and Curatorial Studies	11	Law	31
Tourism	12	Other Natural and Physical Sciences	32
Manufacturing Engineering and Technology	13	Computer Science	32
Geomatic Engineering	13	Electrical and Electronic Engineering and Technology	32
Agriculture	13	Environmental Studies	32
Education	13	Public Health	32
Sport and Recreation	13	Other Health	32
Health	15	Accounting	32
Graphic and Design Studies	15	Human Welfare Studies and Services	32
Building	16	Language and Literature	32
Information Technology	17	Performing Arts	32
Engineering and Related Technologies	17	Mathematical Sciences	33
Rehabilitation Therapies	19	Teacher Education	33
Management and Commerce	19	Non-award	34
Other Management and Commerce	19	Biological Sciences	35
Process and Resources Engineering	20	Studies in Human Society	36
Other Education	21	Behavioural Science	36
Philosophy and Religious Studies	21	Business and Management	37
Mechanical and Industrial Engineering and Technology	22		

Source: DEST, *Varieties of Excellence – Selected Statistics*, 2002

http://www.dest.gov.au/crossroads/pubs/varieties_of_excellence/statistics.htm