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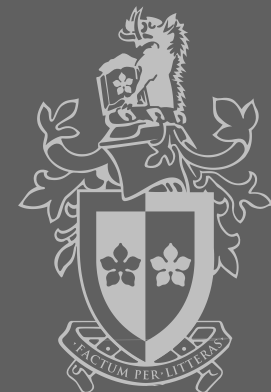
SWINBURNE  
UNIVERSITY OF  
TECHNOLOGY

# Differentiating Australia's Universities

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# Introduction

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- Past decade Australia has developed a unique experiment in tertiary education
  - Significant rise in “user pays”
  - Development of a major export industry
- Further deregulation is planned
- How will this affect the system and how will institutions position themselves?

## Funding & Quality

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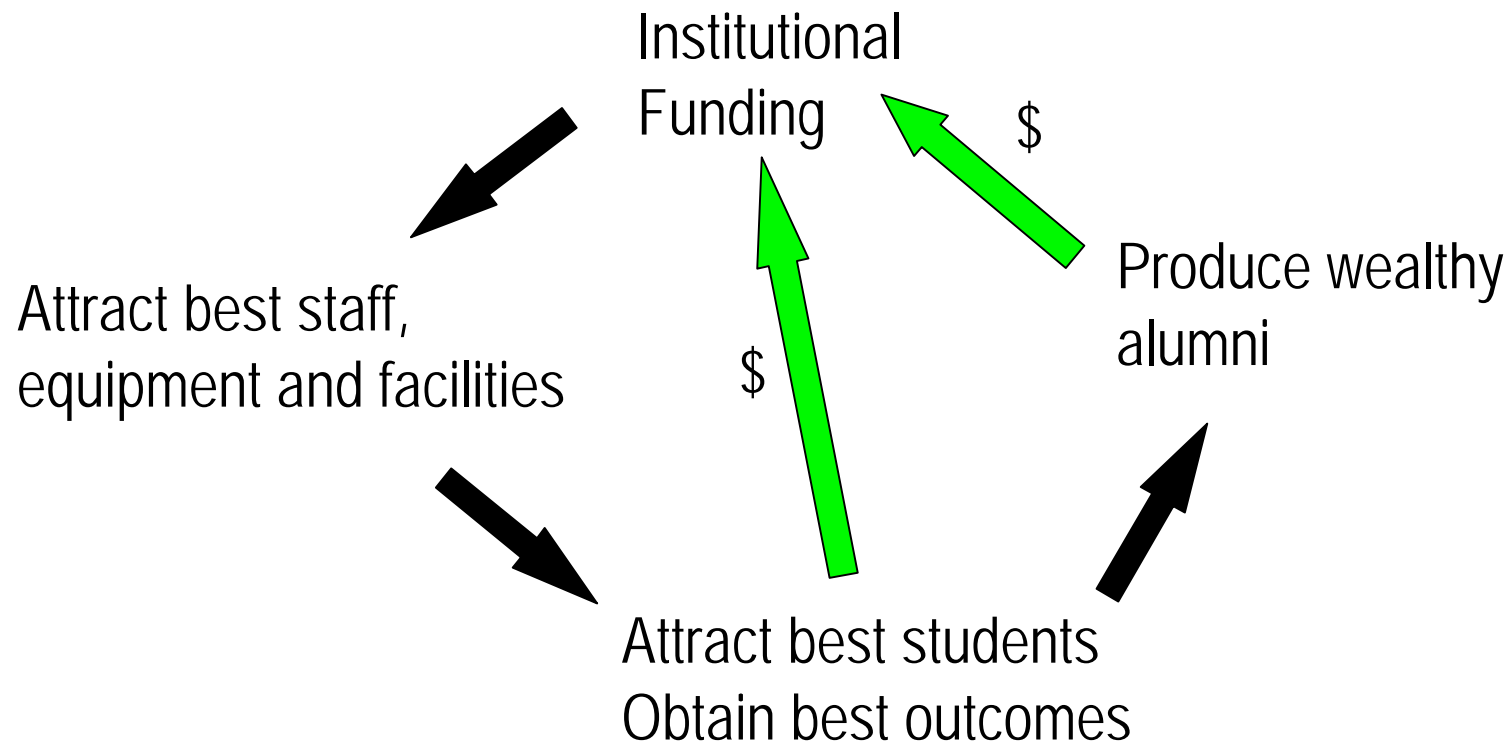


- Tertiary education in Australia largely “not for profit” but “highly competitive”
- Compare to Health
  - no rankings
  - little advertising

# Funding & Quality



Funding and quality linked



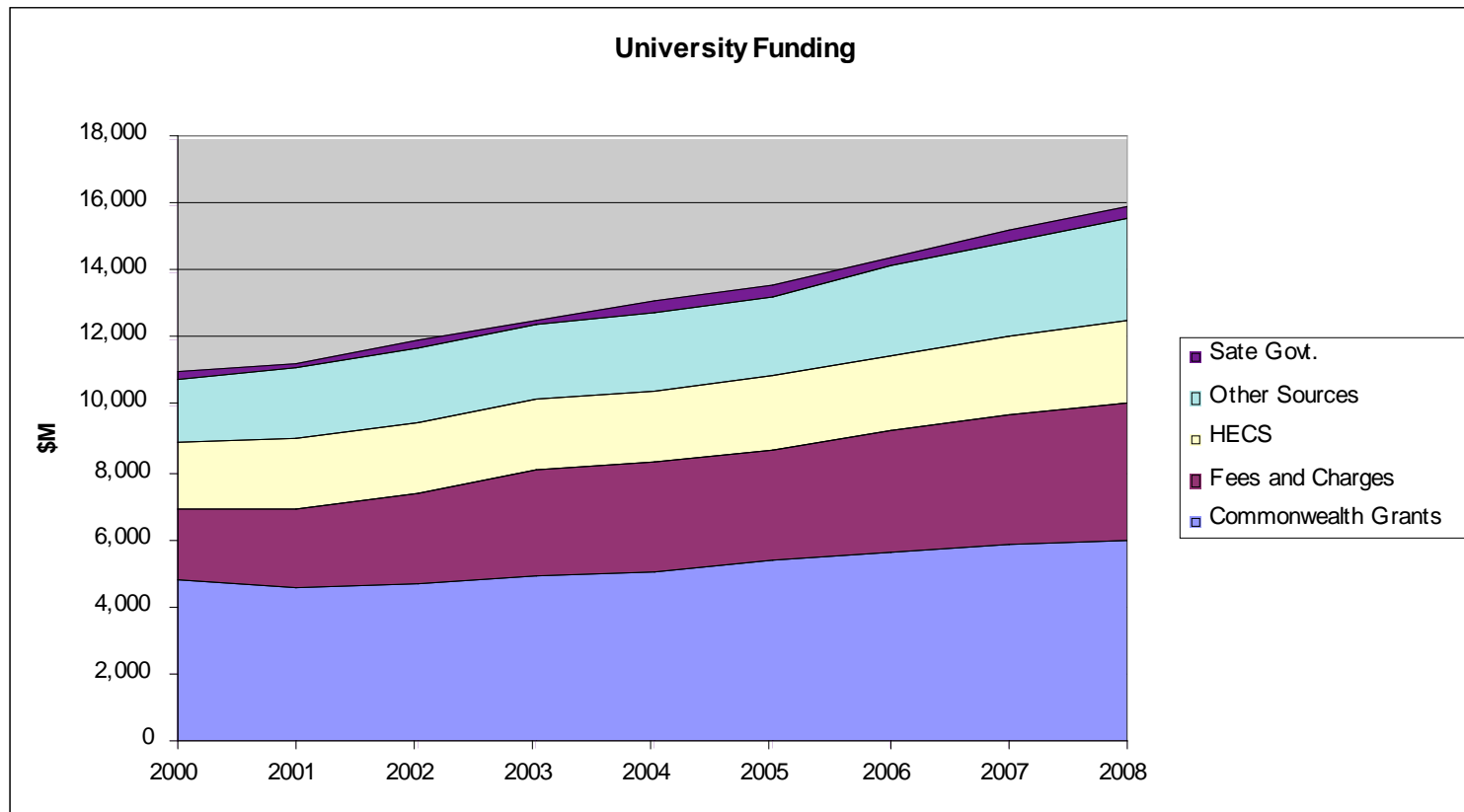
## Funding & Quality

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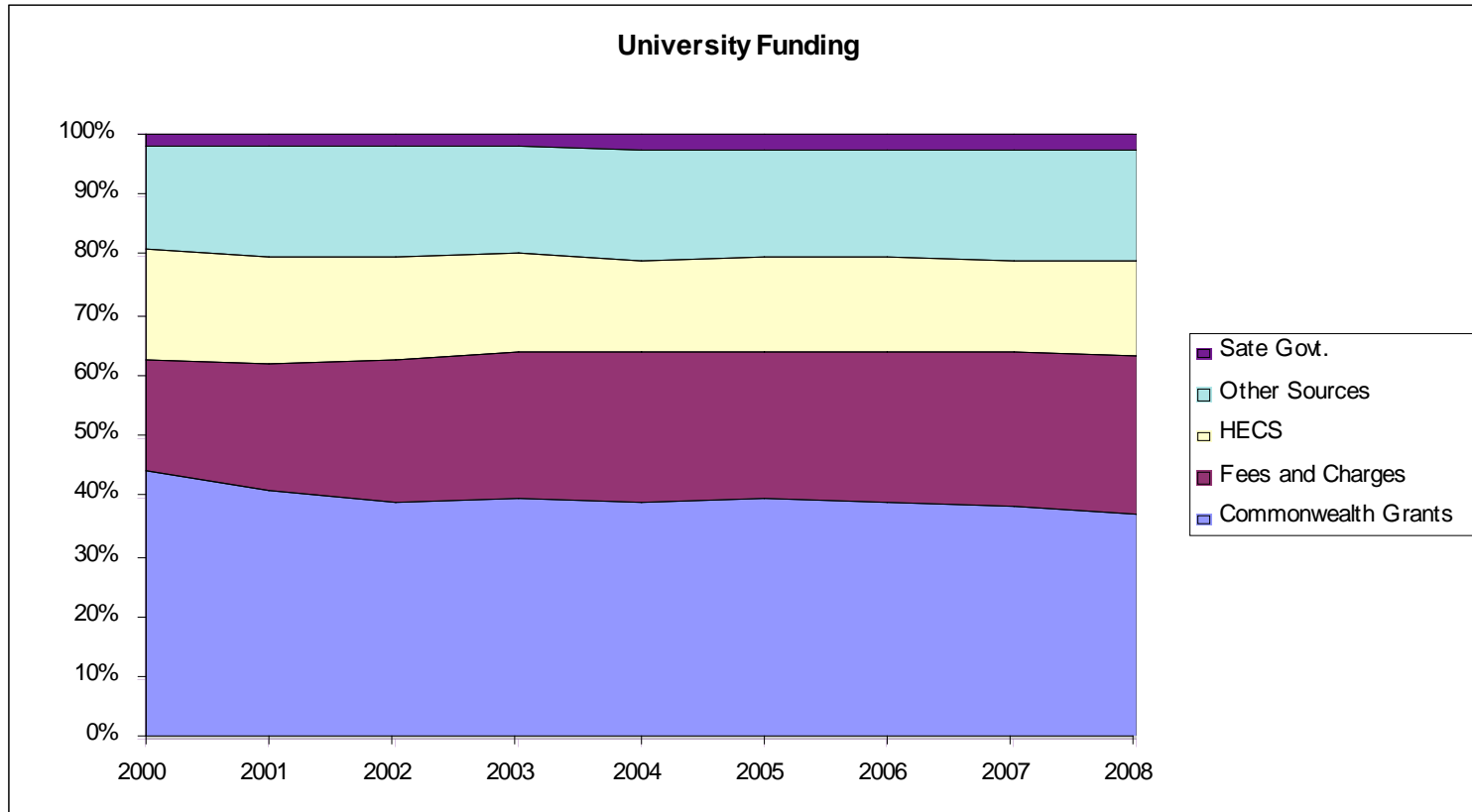
- The cycle of funding breeding funding is not as it would be in an open system
- Governments do influence this process by their policies
- As competition is international, government funding policies influence how institutions can perform in the international market

# Australian Funding



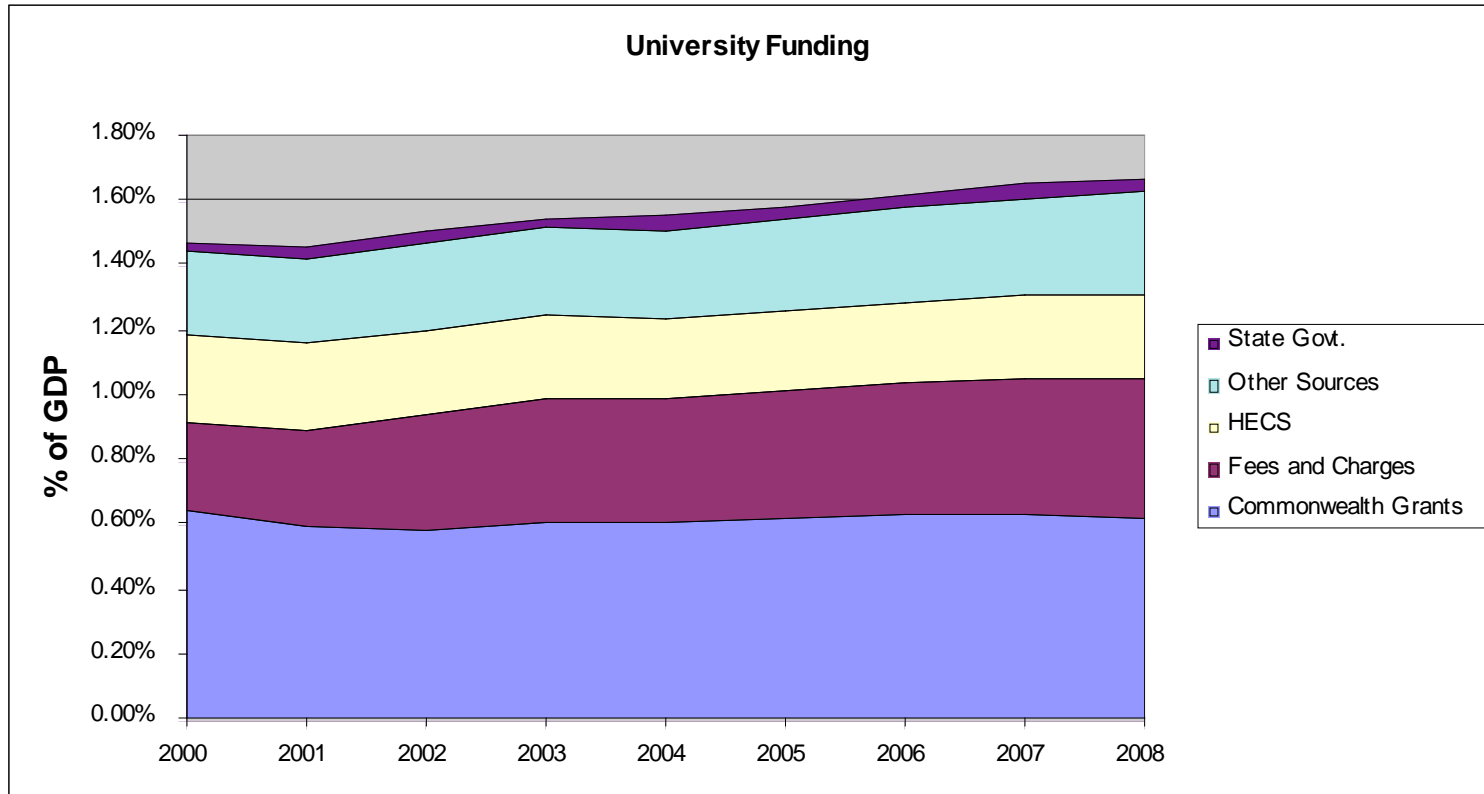
Funding of Australia's Universities (2005 dollars)

# Australian Funding



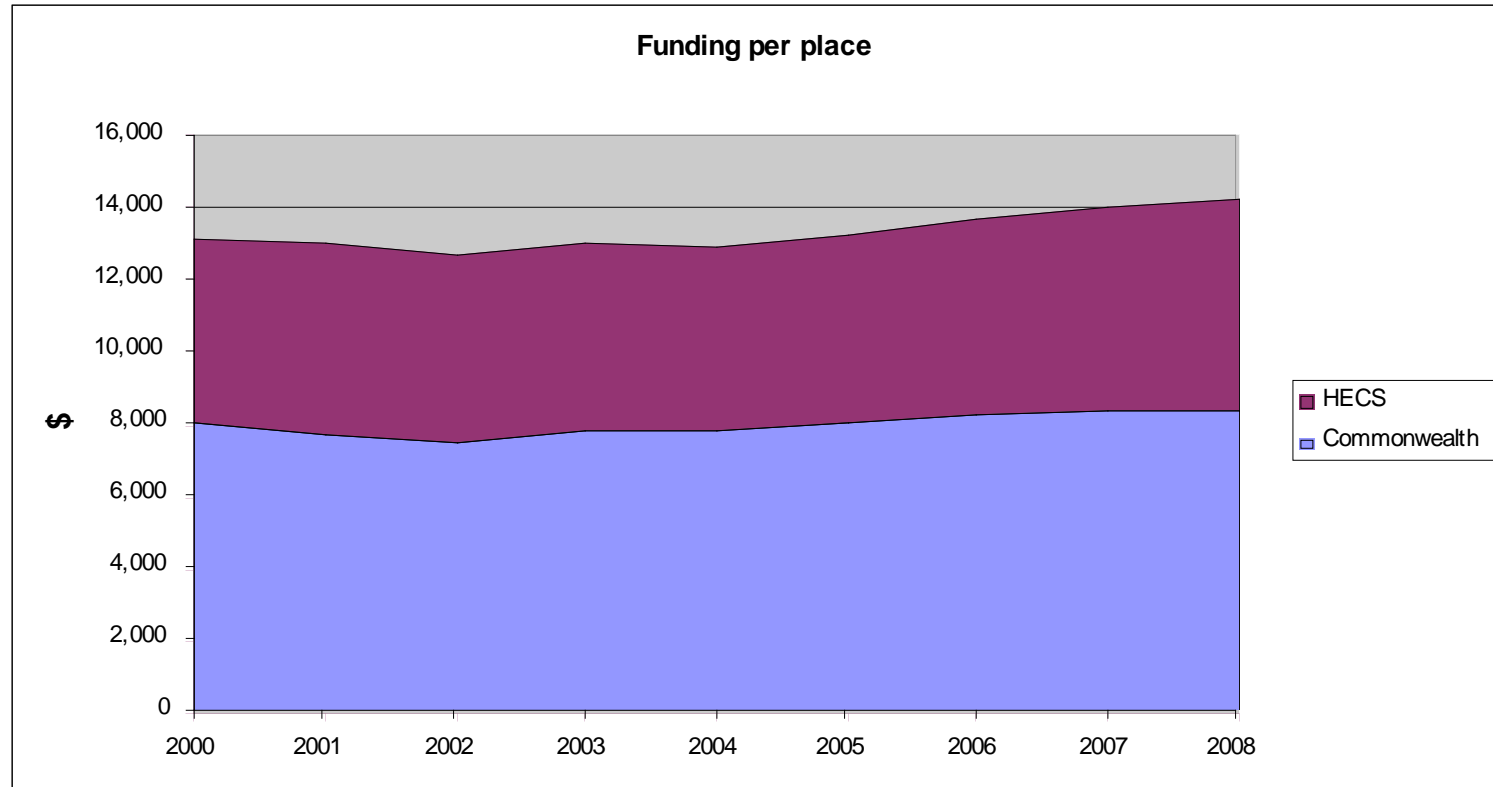
Relative magnitude of funding sources

# Australian Funding



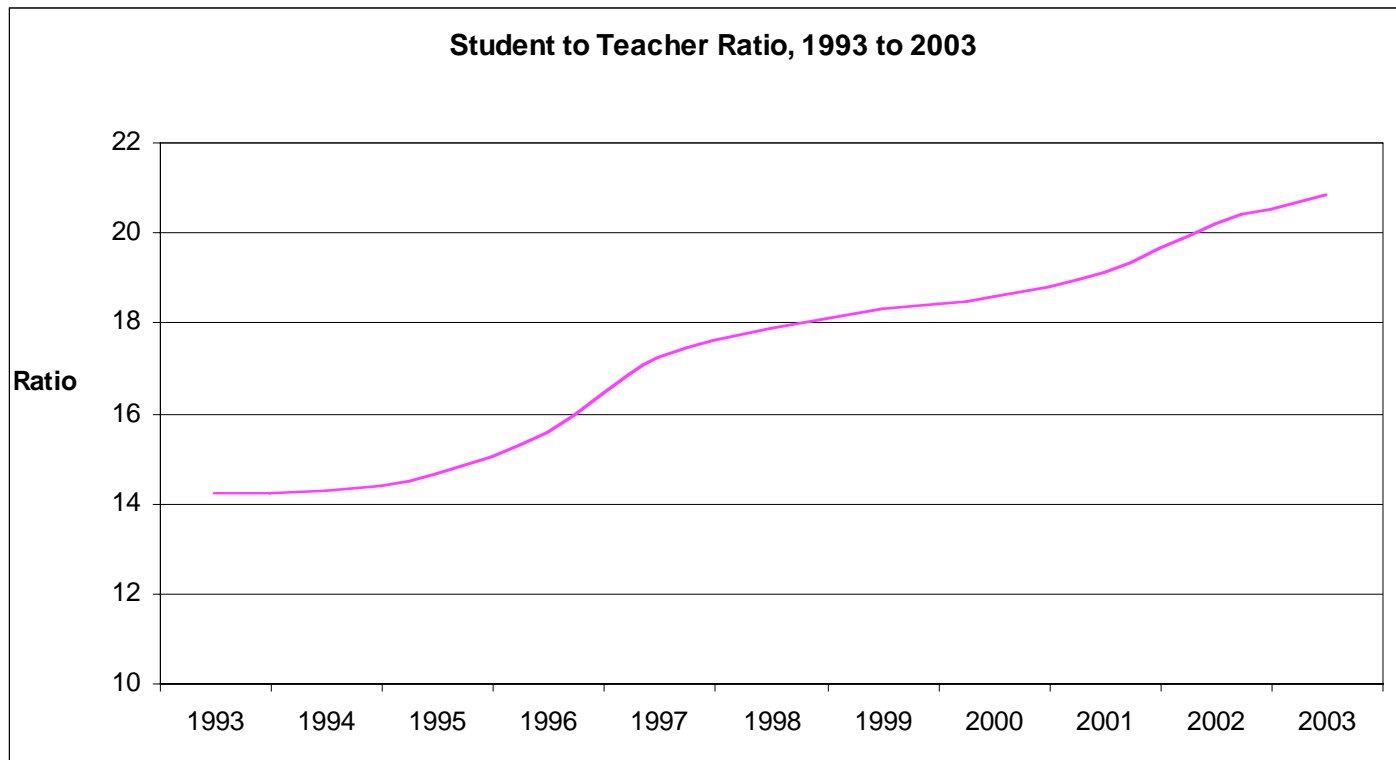
Funding as a percentage of GDP

# Australian Funding



## Funding per Commonwealth Supported Student

# Australian Funding

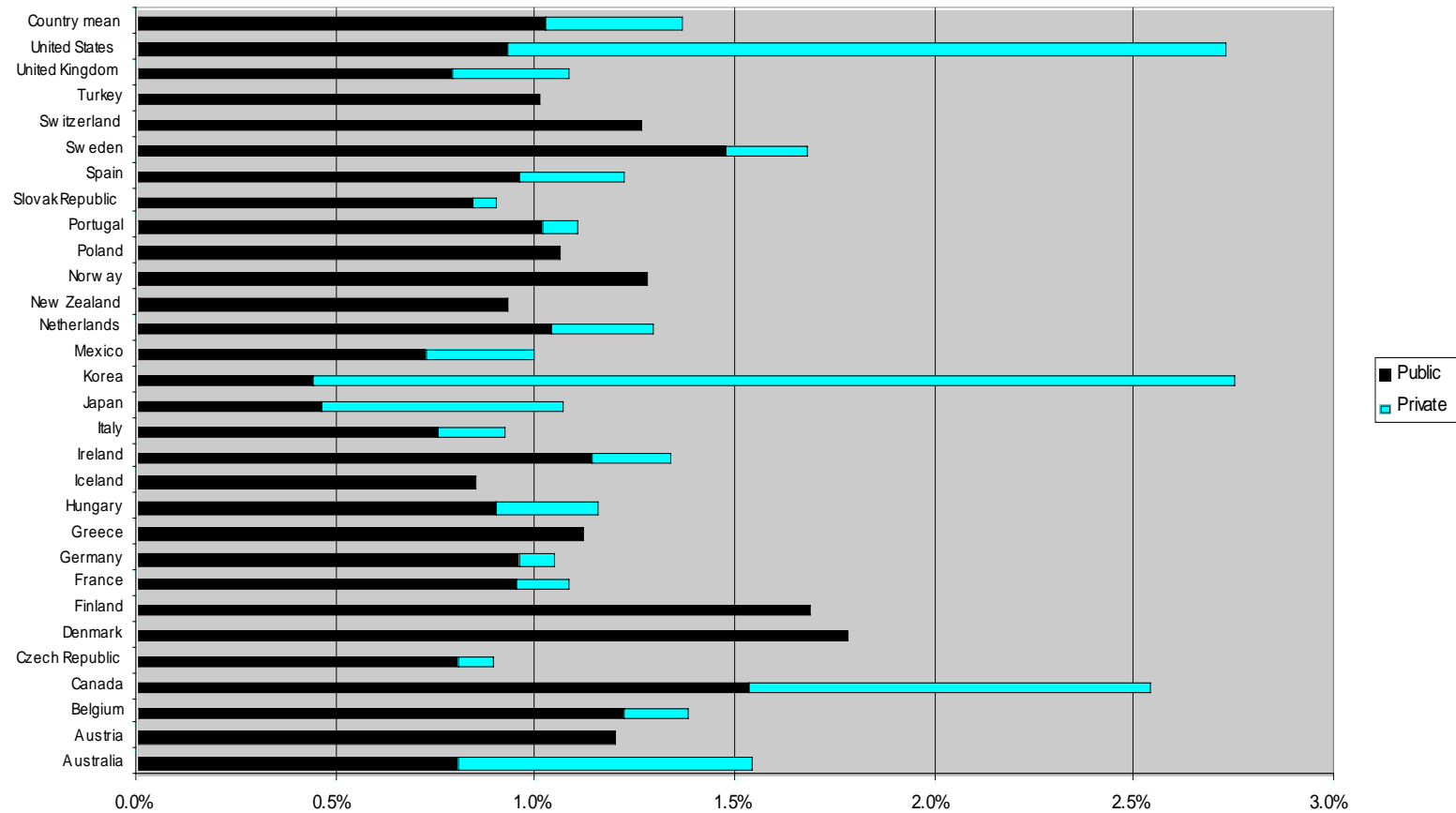


The increase in student:staff ratio

# International Comparison



Expenditure as % of GDP



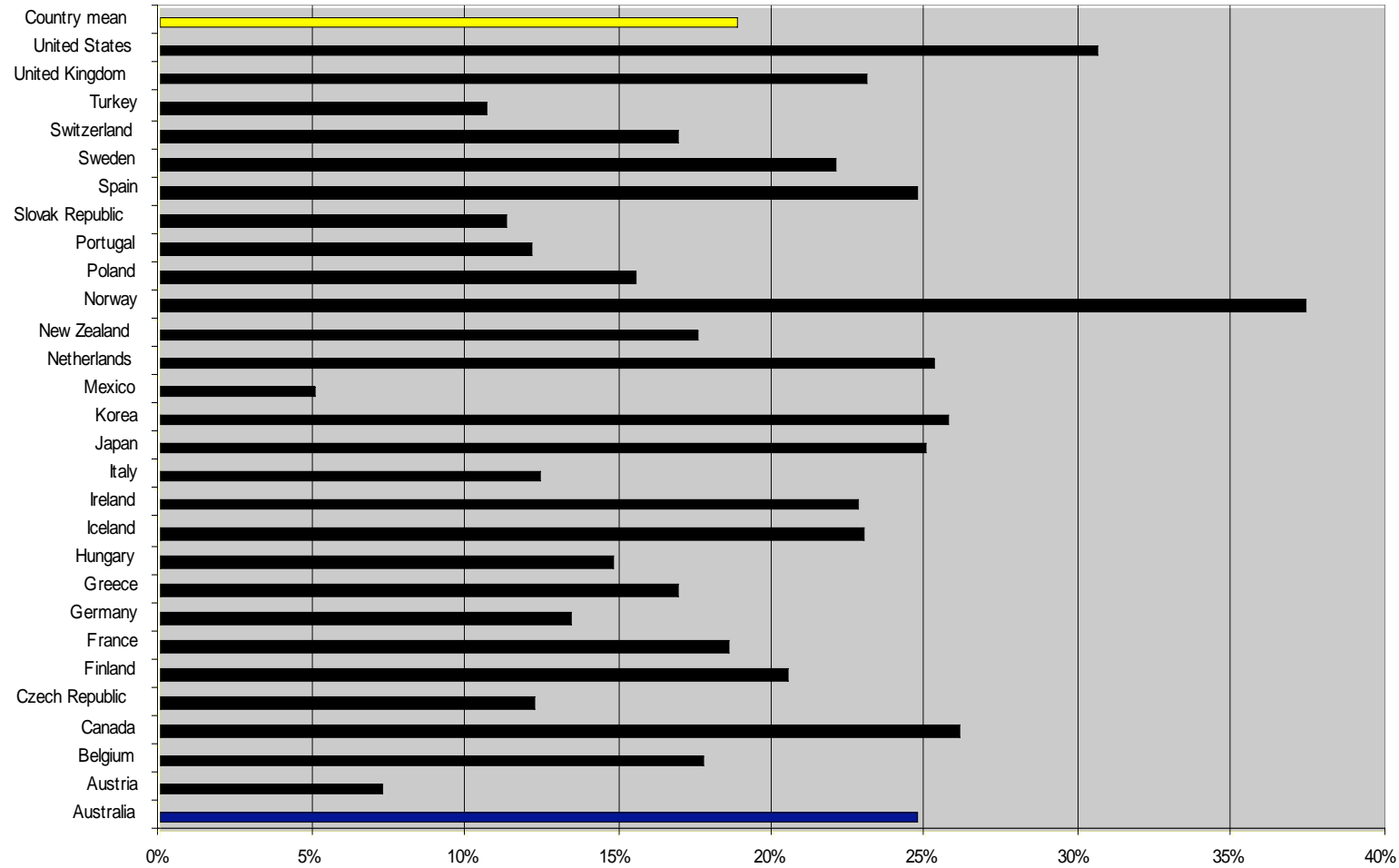
## International Comparison

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- Although Australia does not appear unusual, the system is quite different to most other countries
- Government funding below OECD average
- Private funding largely generated by student fees, rather than alumni or industry
- User pays has possibly gone further than any other country

# International Comparison



## Future Options

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### Four possible options for future funding of Australian Higher Education

- Increase in base Commonwealth support, whether for student load or research
- A redistribution of research funding as proposed under the RQF
- Change to the domestic fee-paying situation to lift the present cap of 35%
- Further change to the HECS system to lift the present maximum additional charge above 25%

## Future Options

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### Enhance base Commonwealth funding

- Essentially the “status quo” option
- Indications from government are that this option is unlikely  
Not even an indication that indexation might improve
- Marketing imperative will be to build reputation and attract best students
- Competition will mainly be at international level where performance in rankings and “league tables” will become more important

## Future Options

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### Enhance base Commonwealth funding

- Success internationally will depend on status generated through research
- The outstanding “teaching only” University is not an option in Australia

**Teaching only = lower status = poverty**



### The RQF impact

- RQF will be the measure of research success and hence status
- Success will require focussed excellence in chosen areas rather than reasonable quality across a range of areas
- Key question is which of the non-Go8 can focus in this manner? Will all Go8 be winners?
- There will be a flow-on into student demand

## Future Options

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### **Lift the 35% cap on domestic fee-paying students**

- Clear advantage to those Universities which can command this market position
- Will have a major flow-on within the sector
- Elite Universities will build wealth, staff and student quality and facilities, at the expense of the remainder of the sector
- A two-tier system will develop at University level, similar to the private – state school divide at secondary level

## Future Options

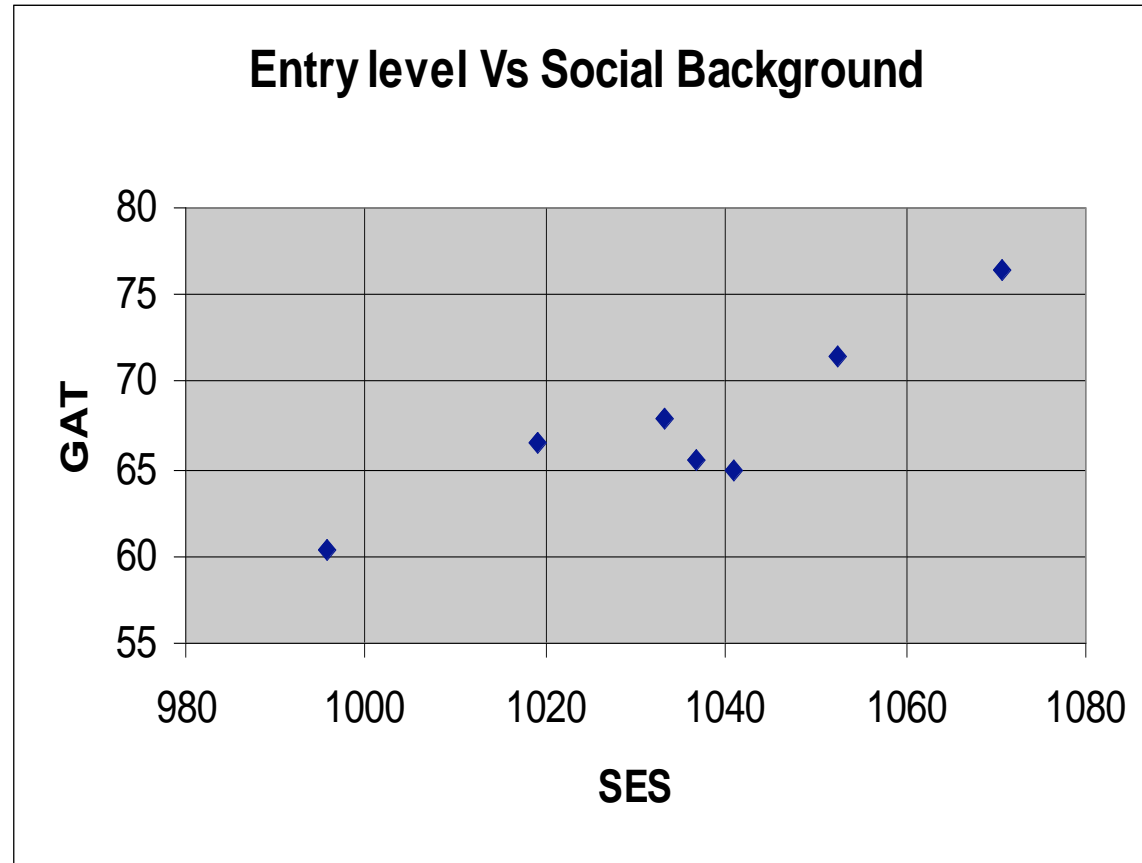
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### **Lift the 35% cap on domestic fee-paying students**

- Significant social implications due to historical disadvantage
- Students from low socio-economic background perform poorly at secondary level

# Future Options



## Future Options

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### **Lift the 35% cap on domestic fee-paying students**

- Could extensive scholarships solve this problem?

Unlikely:

- The scheme needs fee-income to be viable. Very different to the US where scholarships are supported by the University endowment
- Low SES students disadvantaged in even competing for such scholarships



### **Lift the 35% cap on domestic fee-paying students**

- At present, such students have a range of educationally comparable Universities to attend
- In such a new funding situation, these students would need to attend a second tier, poorly funded University
- The social disadvantage would have been institutionalized at University level

## Future Options

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### Deregulate the HECS cap

- Institutions can charge HECS at a maximum rate of 25% above the Commonwealth-defined base
- Intended to introduce price competition  
Has not occurred as the 25% was too small – all institutions have moved to the full 25%

## Future Options

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### Deregulate the HECS cap

- Expansion of the fee cap limit to 50% would probably introduce the competition originally desired
- Would have less impact on social issues  
Would be spread across more institutions  
But would not achieve the desires of the Go8

## Conclusions

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### Funding options

- A combination of an increase in Commonwealth base funding (justified by OECD comparison) together with a further deregulation of HECS would be an equitable outcome
- Whatever the future holds, institutional success will be built around raising status, which is largely achieved through research performance

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