

B-HERT Position Paper No. 1

**Higher Education in Australia:
The Global Imperative**

A Policy Statement

July 1998

HIGHER EDUCATION IN AUSTRALIA - THE GLOBAL IMPERATIVE (A Policy Statement)

The Business/Higher Education Round Table (B-HERT) comprises the chief executives of many of Australia's major corporations and the vice-chancellors of Australia's universities, with the mission of advancing the goals and improving the performance of both business and higher education for the benefit of Australian society.

Education and training is a key ingredient in growing and developing the Australian economy. The industries of tomorrow are going to be increasingly knowledge-based. Higher education therefore is critical to the future of this country; in creating a "learning society" in which all Australians, of whatever social, cultural and economic background, have access to a post-secondary education of excellent value.

Without a national vision and sufficient investment in our higher education system, Australia and today's young Australians are likely to be marginalised as the region moves towards higher welfare standards and more advanced social and political structures. Our goal is that Australia must develop the expertise of its human resources so that it is a significant regional leader in professional, service, education and technological fields.

In today's environment there is a certain tension which universities and their staff feel in attempting to maintain the traditions of high quality research, scholarship and teaching.

Increasingly, reducing resources, coupled with a greater emphasis on revenue raising and entrepreneurial activities as well as inter-institutional competition, both domestic and international, have led universities and their staff to question their capacity to maintain the quality of the learning experience that they provide and the values of the research they undertake.

B-HERT sees the following as key features of the higher education sector in this country; the prerequisites for Australian universities to compete effectively at the highest international levels.

Graduates

The graduates from our universities, to be truly internationally competitive, should have gained skills and attributes which compare well, in quality and level, with those from the world's best universities.

Many of the graduates should have gained skills and attitudes which prepare them well for subsequent careers in business and industry. These skills include:

- An emphasis on communication, interpersonal and team skills, applied in diverse cultural settings.
- A broad range of abilities including numerical, economic and information technology literacy.
- Well developed decision-making and problem solving skills.
- A highly developed capacity for critical analytical judgement.
- A high level of professional skill, able to be applied responsibly.
- An understanding of global issues from a socio-economic perspective.
- An ability to work competitively in the changing global environment.
- Responsible citizenship
- Leadership.

Life-long Education

Universities should seek to extend the provision of a broader spectrum of specialised learning opportunities to individuals throughout the community. These opportunities should range from short courses to high-level postgraduate course work programs.

Research

The research carried out in our universities should be of internationally significant quality. There should be a blend of basic research in the pursuit of knowledge and also a strong emphasis on the application of knowledge, innovation and applied research based upon interaction with industry.

Research Training

A significant feature of university research should be the research training provided to postgraduate higher degree (by research) students. Their training and research must be at the highest international standards and encourage national and international networking. Research also must be conducted within an adequate infrastructure.

Internationalisation

Apart from the need to operate at the forefront of international standards, our universities should also be international in their own right. They must attract overseas students and scholars, encourage their own Australian students to include international studies and experiences in their degree courses, and the curricula should be international in its orientation. Students should be encouraged to include semesters of overseas study. Australian universities should operate internationally.

Interaction

To gain the greatest possible economic and cultural advantage for the nation, we need stronger interaction and co-operation between universities and business and industry and as appropriate, national and state government organisations. This applies to graduate preparation, research and staff interaction.

Access

The economic and social development and progress of the country is dependent upon having a high percentage of the population with university education and advanced level skills. We require wide access to higher education so that every person who wishes to pursue study in a university, and who has the necessary ability, should be able to do so.

Diversity

It is most important within a system of mass higher education that our universities be allowed to specialise and diversify, so that each university can realise its own distinctive mission and characteristics relevant to its communities. The ability of universities to realise their aspirations, and work best within their setting, should be recognised and supported by governments and by the private sector, and should not be pre-judged or arbitrarily constrained by government policies and agencies.

Sectoral Issues

The nation needs both vocational education and training and higher education. Each sector should have its own distinctive mission and characteristics. It is essential that there be adequate pathways and effective co-operation between the two sectors so that it appears as a coherent system for the students.

Technological Change

Our universities should operate at the cutting edge of the latest technologies. Students require adequate exposure to the latest technologies in each teaching discipline, and staff and researchers need access to the most advanced technologies in their respective fields of research. There is an

ongoing need for universities to make the most appropriate usage of digital and communications technologies in teaching, research and administration.

Community Service

As well as their education, research and research training activities, universities now provide an extensive range of community services to, and in partnership with, the communities in which they are located. There is a need to preserve and enhance the capacity of universities to provide such services, and for them to be effective in delivering them.

Funding

A strong, internationally competitive higher education system must be well funded and the sources of this funding should reflect both the public good and private benefit. The funding mechanisms should provide incentives, rather than disincentives, to encourage the realisation of all the features described above. Incentives for industry funding should be considered.

Australia needs, and should strive to develop, world class universities. To do so funding must increase substantially, to come anywhere near the levels of funding for leading universities overseas. This additional funding must come from all sources, public, private and business.

There has been a continuing decrease in the reliance of Australian Universities upon Government funding from 80% in 1987 to approximately 57% in 1995. This trend is such that very soon our Universities will gain less than 50% of their funding from Government. This reflects both the increased entrepreneurial activities of our Universities and the impact of the government funding cuts in higher education.

It is extremely difficult to get accurate and reliable international comparative data on costs in higher education. Nevertheless, the message from the data that was available is clear. Australian universities are generally funded at a level much lower than comparable institutions in comparable overseas countries.

For example, a benchmarking study done for the National Committee of Inquiry into Higher Education (Dearing Committee), and the Higher Education Funding Council for England, showed that in five countries (Australia, Netherlands, England, USA and Germany), “the average cost of producing non-medical graduates is lowest in Australian institutions and is highest in the Dutch and the US institutions.”

The average cost of a graduate ranged between about A\$30,000 in Australia to A\$78,000 in the US. In German and Dutch research universities the highest costs are around A\$120,000.

Whilst acknowledging some definitional differences, OECD countries as a whole devote 1.6% of GDP to tertiary education. Canada and the United States spend around 2.4% or more. Commonwealth outlays on higher education in Australia were 1.15% in 1983-84 and 1.11% in 1994-95.

Keio University (Japan) and UCLA (USA) have annual budgets of the order of four times the budget of Australian universities of comparable size and aspirations eg. Sydney, Melbourne. The Dearing Report found that British Universities (other than Oxbridge) have budgets approximately 25% higher than Australian counterparts.

It is not reasonable, given our limited population and funding base, to expect all Australian universities to attain leading international status. It is, however, reasonable to expect that some, perhaps many, will maintain or achieve this status in relation to a range of their research functions, or their teaching and learning programmes, or both, and others will build up more specialised international profiles. It is important that government funding principles and

mechanisms be responsive to the quality of individual and institutional performance, and changes in these over time, as universities pursue their own pathways towards greater international recognition.

The funding system should -

- recognise that collaboration is appropriate in some circumstances, and leading-edge competition in others, and as far as possible reflect the distinction in funding arrangements.
- ensure that institutions are equipped and encouraged to invest in new and more productive teaching and research methods.
- recognise and support the concept of diversity.
- promote closer partnerships between universities, business and other community sectors.
- encourage universities to be more client focused.
- reflect, where appropriate, a “beneficiary-pays” component.

Accountability

A world class higher education system is only possible if appropriate accountability mechanisms are in place; to assess performance of institutions, faculties and staff, and to reward excellence. These mechanisms must not become ends in themselves or divert resources from core academic activities. Government and bureaucratic involvement in these activities must be kept to a minimum.

Priorities

Recognising that it is unlikely that all issues can be addressed simultaneously, there needs to be a targeted sense of priority in respect of actions to be taken.

The issue of adequate funding is of primary importance. Unless this issue is resolved, other aspects of higher education are going to be continually adversely affected.

The traditional balance between public good and private benefit is changing. Knowledge based industries are rapidly growing in significance in developed economies. More and more jobs are information dependent or knowledge based; and knowledge increases in importance as a tradeable good.

Universities are prime creators and disseminators of knowledge and this is no longer just a social good but an economic imperative.

Public funding must reflect this evolution.

Amongst many staff of universities there is something of a crisis in morale as many wonder whether the community has ceased to value the contribution which universities make to society, even though surveys by the AVCC and others suggest otherwise. For this reason, the combined commitment of business and university leadership to the maintenance of core academic values is critical as is the process of persuading governments and the wider community that the benefits universities bring to society depend on adequate resources.

It is no exaggeration to say that the future of this nation depends heavily upon a world class higher education system, and this cannot be achieved without adequate investment by the nation.

12 August 1998