



RESPONSE TO THE AUSTRALIAN
LABOR PARTY'S WHITE PAPER:
“AUSTRALIA'S UNIVERSITIES:
BUILDING OUR FUTURE IN THE
WORLD”

The purpose of the Business/Higher Education Round Table (B-HERT) is to pursue initiatives that will advance the goals and improve the performance of both business and higher education for the benefit of Australian society.

B-HERT is the only body where leaders of Australia's business, research, professional and academic communities come together to address important issues of common concern, to improve the interaction between Australian business and higher education institutions, and to help guide the future directions of higher education.

In pursuing this mission BHERT aims to influence public opinion and government policy on selected issues of importance.

B-HERT believes that a prerequisite for a more prosperous and equitable society in Australia is a more highly-educated community. In material terms it fosters economic growth and improved living standards - through improved productivity and competitiveness with other countries. In terms of equity, individual Australians should have the opportunity to realise their full social, cultural, political and economic potential.

Membership of B-HERT comprises Australian universities, corporations, professional associations, and the major public research organisations (Commonwealth Scientific and Industrial Research Organisation and Australian Nuclear Science and Technology Organisation).

Business/Higher Education Round Table
A.C.N. 050 207 942

1st Floor, 24 Brunswick Street, Fitzroy Vic 3065

Ph: 61 3 9419 8068

Fax: 61 3 9419 8276

Email: bhert@bhert.com

Website: www.bhert.com

AUSTRALIA'S UNIVERSITIES: BUILDING OUR FUTURE IN THE WORLD

Commentary by the Business/Higher Education Round Table

The Business/Higher Education Round Table (B-HERT) welcomes constructive debate on directions for higher education, as its Mission is to pursue initiatives that will advance the goals and improve the performance of both business and higher education for the benefit of Australian society.

B-HERT welcomes the White Paper and its overall theme, particularly the recognition of –

1. the diverse missions of individual universities,
2. the problems created by lack of indexation,
3. excessive bureaucratic intervention,
4. the need to focus on matters of student support, skills shortages and matters of access and participation,
5. the need to develop strong research capacity in a range of areas relevant to Australia's multiple needs,
6. the fact that education and innovation are the key components of the next round of broad productivity improvement and maintenance or achievement of international competitiveness,
7. education and training as the platform for future opportunity and career development for Australian young people and for citizens who missed out the first time, or who want career change. The commitment to increased recognition of prior learning is commendable but has its challenges.

Much depends, of course, on the costings of the policy and on the resolution of some matters of process which are unclear in the present document.

B-HERT also welcomes the acknowledgement of the important role of public universities, and the need to fund them to achieve both their individual missions and national objectives.

The following comments relate specifically to the Policy Proposals in Building our Future in the World (the Paper) and B-HERT would welcome being further involved in discussions on these critical issues.

Because of the fundamental importance of higher education to the future of Australia we encourage objective, bi-partisan discussion.

POLICY PROPOSALS

5.1 Higher education quality standards

B-HERT regards quality as a fundamental issue and supports quality assurance mechanisms aimed at giving confidence that

Australian courses are internationally competitive. B-HERT sees a market which provides students with choice as an important element in driving quality.

B-HERT strongly supports the need for increased and indexed university funding as a key requirement for the attraction and retention of high quality staff delivering high quality courses. The paper asserts that 'there are no systems in place in Australia for assuring the standards of degree quality' and that 'AUQA is not providing the assurance the community expects and needs about the quality of Australian higher education'.

The assertion is surely not sustainable. Institutions have a range of systems that assure the quality of their programs including formal program approval and program evaluation procedures. Other mechanisms to ensure quality include the Australian Quality Framework, AUQA, MCEETYA, the National Protocols, Acts of Parliament, State accreditation authorities, professional and disciplinary accreditations, national surveys and the Learning and Teaching Performance Fund.

These internal and external mechanisms have helped establish Australian higher education institutions as high quality and reliable providers of graduates who can operate internationally.

There is a view that sees a standards-based approach as reasonable if the sector is to expect significant additional public investment, and practical, provided that its limitations are recognised and efforts are targeted. Lessons can be learned from the UK experience, where the Quality Assurance Agency and the Higher Education Funding Council have for some years attempted to pursue standards-based assessments.

Australian Higher Education Quality Agency – Whilst B-HERT supports mechanisms to underpin quality it is not in favour of a strong centralised bureaucracy with coercive powers on a system of diverse and independent institutions already subject to market forces. Universities need a reduction in bureaucratic interference certainly not more.

There are a number of questions which need to be addressed.

- Is it really necessary to have regulatory and enforcement powers in the event that minimum requirements are deemed not to have been met?
- How would the proposed body relate to existing accreditation bodies, including professional associations?
- Just what would be covered? The Paper refers to TAFE and private providers and 'all Australian qualifications'. This could be unmanageable.

- How will the Agency be funded? This could result in considerable additional unwelcome costs for universities.
- Is it proposed that the Agency would have a monopoly on setting and maintaining standards?
- There would be significant potential for conflict between the Agency and the Commonwealth Department.

In B-HERT's view the proposal contained in this policy statement requires too much extra investment for an unproven level of additional benefit. In addition, although the stated focus is to bring consistency to accreditation assessments and evaluations of higher education quality, there is a real danger that this would lead to requirements for consistency of student outcomes within disciplines which would act directly against the values of diversity being promoted elsewhere within the paper.

This proposed new Quality Agency initiative does not seem to be justifiable on grounds of either the present reputation of Australian universities and their graduates or the competition from current or future markets. The greatest risk to quality is previous and continued underinvestment and the paper promises a reversal of this trend. Surely this is a better commitment of resource than another layer of inspection?

5.2 Student access and participation

B-HERT believes that when funds are constrained, priority must be given to those areas where there are likely to be skills shortages. It recognises the difficulty of predicting skill shortages. However, continuing to be primarily reliant on student preferences, which have fed ever more undergraduates into the multitude of popular business, communications, legal, media, and lifestyle type courses that have proliferated in recent times is a sub-optimal use of resources. Many students might well benefit more from vocational education and training programs.

The five-component approach outlined would certainly be an improvement over the 'bums-on-seats' outcomes achieved under current funding arrangements although there would be some concern if all institutions were to separately forecast demand, as implied in the Paper's fifth (dialogue) component.

The Paper would benefit from some acknowledgement that higher education is part of a spectrum of education, and that the influences on students' decisions to study are multiple and interrelated, and include parental and peer influence, school and home expectations, socioeconomic background and broader economic conditions. Students coming to higher education do so after many years of secondary education and from backgrounds which have decisively shaped their approach to university, and so it should hardly be surprising that issues of access and participation have proven very difficult to influence solely from a higher education perspective.

Frequent anecdotal evidence indicates that too many students today on leaving school are not sufficiently literate or numerate

for their higher education studies. Too much energy is dissipated by university staff in what can only be called remedial work.

Reducing HECS burdens

The options outlined of reducing HECS rates for all students; reducing Band 2 HECS rates to Band 1 rates in a number of disciplines; targeted scholarships and strategic HECS debt remissions are all worthwhile initiatives and need not be mutually exclusive—a package containing elements of all four options could be developed.

However, any plan to decrease student contributions will require the Commonwealth to make up this shortfall in funding and there is no commitment in the White Paper to do this.

The use of strategic HECS debt remissions is a useful strategy. However, reducing HECS without also raising the CGS component for that particular discipline will cause institutional pain. There is already evidence that the current nominated priority areas of education and nursing are under financial stress because they have been excluded from the 25% HECS top-up, leading ultimately to the exact opposite of the Government's intentions.

The list of disciplines in the Band 2 HECS rates which will move to Band 1 option should include science. Science is critical to a number of areas of significant employment need. It is also a subject in decline for years 11 and 12, and an area of shortage of qualified teachers. These issues combined make it important to include in Band 1.

B-HERT is becoming increasingly alarmed about the impending shortages, both in numbers and capabilities, of engineers and scientists and hence strongly supports the option for reducing Band 2 to Band 1 rates.

Whilst this would help there is a problem in the schools which must be addressed. Far too many students are completing secondary schooling after having dropped the science and mathematics subjects required for university entry. This is a critical issue and needs to form part of education policy.

B-HERT supports the view of "regional" universities that consideration be given to reducing HECS rates for full-time, undergraduate students who attend universities which are headquartered in regional Australia as a mechanism for redressing the net migration flow of people, especially younger Australians, from regional and rural areas to the capital cities given that approximately three in every four regional students, and three in every five metropolitan students, who attend regional universities on a full-time basis for their undergraduate degree find their first full-time employment in regional Australia following graduation.

B-HERT also sees value in extending income support for students during their undergraduate studies beyond the options outlined in the White Paper, to include a significantly higher

value student payment to take account of the situation confronting many students in regional universities who are unable to access part-time and vacation employment at the same level as their metropolitan counterparts, and whose family circumstances often can be significantly impacted upon by drought and the rural downturn.

Full fee paying students

B-HERT does not support the abolition of full-fee undergraduate places for Australian students at public universities.

B-HERT is of the view that an individual able to meet the minimum entry requirements for an international student aspiring to the same course should be able to pay to go to the university of their choice, provided these full fee paying places are not used to reduce the total, institutional and course number of HECS places and that this does not prevent less affluent but better qualified local students pursuing their choice of institution and course.

Full-fee places can be justified on equity grounds as increasing the opportunities available to all Australians in higher education. Full-fee places increase the number of government subsidised (HECS) places available by removing from the competition for such places those students who choose to take up a full-fee place in the course of their choice.

They do not in any way “dumb down” the student body, since any student admitted to a full-fee place would otherwise be entitled to a HECS place in some other course (e.g. where a full-fee paying law student must be eligible for a place in law at other universities).

Full-fee payers are not “queue jumpers” since they provide the funds which more than cover the cost of the additional place which they thus create in their course. Abolishing full-fee places, as the White Paper proposes, will not only cost the universities or the tax-payer millions of dollars annually but will actually reduce the number of places available to less well off Australian students.

If Labor in government were to abolish full-fee undergraduate places for domestic students, we ask for a commitment that the Labor government make-up the full short fall in universities places and revenue resulting from that decision.

B-HERT fully supports the proposal that FEE-HELP will continue to be available to accredited private higher education providers, and that private institutions which have Commonwealth-supported places will retain those places.

Expansion of Associate Degree programs

Expansion of these programs is proposed as one way of fast-tracking students into higher education and addressing skills shortages. Articulation between universities and the VET sector is important and the commitment to additional associate degree

funding recognises the need for higher skill levels and the large current higher skills shortage. The quality assurance mechanism for these courses needs to be of the same rigour as currently applies to other higher education courses offered by universities and non-university higher education provider.

Associate degrees have been the subject of some contention among education providers over recent years, and care needs to be taken that take-up is not too supply-driven, where public funding is involved. In the commercial fee for service area in universities and non-university higher education providers, competitive neutrality principles should be the sole determinant of outcomes.

Improved support and services

The recognition of the reality that the majority of students are engaged in part-time or fulltime work while they study is a valuable acknowledgement.

B-HERT would welcome an income support system for students that supports this reality and does not disadvantage or penalise students. The adoption as a priority of the principle of supporting students financially so that their need to work does not adversely affect their studies and the options listed for providing this support are commendable.

Improve graduation rates of Indigenous students

B-HERT supports the urgent need to improve graduation rates of Indigenous students and commends the concept of incentive payments to higher education institutions. We would also welcome further support for Indigenous staff for professional development and capacity building—a measure that is being met by individual institutions at present.

5.3 Institutional financing

Indexation

This is a priority issue for universities struggling to maintain quality in the face of growing expectations and pressures and downturns in international and domestic demand.

It should also be recognised that we are currently in a position where demand for higher education is relatively weak, due to buoyant economic conditions, and where ongoing pressures arising from inadequate indexation have been masked by growth in fee-paying (particularly overseas student) revenue. The weakening of the latter, combined with prospects for increasing demand for higher education (particularly in States with higher demographic growth) and a looming wave of academic staff retirements, pose substantial challenges for public funding of higher education. These challenges will be amplified if the public financial situation changes in the years ahead – we cannot indefinitely expect the resources boom to continue. In short, the parameters relating to public support of higher education will in all likelihood be unlike those applying to the current situation.

Internal management of universities and compliance

B-HERT welcomes the intent to reduce Government intervention in the internal management of universities, and to reduce compliance and reporting burdens. As described in The Compact below in a more diverse environment, BHERT supports a system of funding and resources which are based on mission and strategic plans at the Institution level. However, as stated above, initiatives such as the Australian Higher Education Quality Agency, have the potential to impose a compliance and reporting regime that would be more onerous than at present.

Workplace relations and governance conditions

B-HERT welcomes the intent to remove the workplace relations and governance conditions attaching to funding. It has concerns, however, about the implications of a later statement, that 'Labor is committed to increasing public investment in higher education and research, including through better indexation of university operating grants, linked to quality improvement'. It is unclear how measures of quality improvement might be used in relation to the indexation of operating grants. A better linkage would be to the content and implementation of the institution mission and strategy.

Replacing one set of strings with another provides no real benefit to universities.

The independence of the ARC

B-HERT supports the commitment to restore the independence and integrity of the Australian Research Council.

Rolling triennial funding

B-HERT supports restoring rolling triennial funding. It also supports the view that to sustain and strengthen the quality of university education 'adequate indexation is essential'.

What constitutes "adequate" is an important aspect that is not discussed.

The Compact

B-HERT supports the policy principles in the area of institutional financing, being:

- Universities need greater operating autonomy in order to function effectively and competitively in local and international markets
- Public funding should assist each university to pursue its distinctive mission and to excel in what it does best
- Universities have a reciprocal responsibility to explain their purposes, and to report publicly on how well they have performed against their own goals and the performance standards expected of them.

Differential funding is welcomed and other factors which might be considered in this context are -

- Historical differences

- Multi-campus institutions
- State/regional differences

B-HERT is of the view that the current cluster mechanism of funding is inflexible in responding to market changes or in encouraging innovation. B-HERT strongly recommends the abandonment of cluster funding altogether to achieve greater flexibility.

With respect to funding engagement with communities, B-HERT has recently released a Position Paper (No. 11) on this issue, "Universities' Third Mission: Communities Engagement".

B-HERT recommends that the concept of "community outreach funding" in the White Paper takes account of the obligations of regional universities which, unlike their metropolitan counterparts, often have stated in their Acts a legislative compliance to provide "outreach" to specified geographical regions which adds considerable cost in terms of additional infrastructure, telecommunications, travel and loss of economies of scale.

The Paper implies a significant increase in funding for Higher Education, something B-HERT supports. We need to know, however, how this is to be achieved.

The recent report by the Productivity Commission provides further support for augmented funding in its judgement that Australia is well served by its public funding support for science and innovation, much of which is generated by universities. The Commission says whilst it is not possible, given a host of measurement and methodological issues, to provide accurate estimates of the contributions of such R&D to the economy, indications are that they are significant. It also makes the point that there are important social and environmental dividends for Australians.

6.0 Research

B-HERT does not share the Paper's pessimism regarding the standards of research training in Australian universities. While accepting that improvement is always possible, where the fundamental structures for post-graduate supervision are in place and functioning, the outcomes are generally satisfactory. The demand for Australian post-graduates in overseas universities is but one indicator of this situation.

The proposed process appears to be heavy-handed, requiring universities to notify the Australian Higher Education Quality Agency of each of its academic staff who are authorised by the university to supervise a PhD student in a field of research, along with the current and recent (last five years) research activity of each such person, including research grants, research outputs, and indicators of esteem (such as membership of academies, invitations to give keynote addresses or distinguished performances).

Such a process would generate vast volumes of data, which would be difficult to audit and maintain in a timely fashion, and incorrectly presumes a direct relationship between supervisor characteristics and PhD quality.

B-HERT also has concerns about the proposed ‘research quality framework’.

With the recent release of the Research Quality Framework (RQF), B-HERT supports the assessment of research impact rated separately from academic impact which is regarded as part of quality. This is not a trivial task but an essential one if higher education research is to contribute effectively to the social, economic, environmental and cultural development of the country.

B-HERT is concerned about the abolition of the ARC Board and concurs with the sentiments expressed in the Paper. An advisory body would not attract the same talent or sense of responsibility if in the end all the important decisions were matters of Ministerial discretion.

Additional investment is proposed for “major scaling-up investment” in particular research areas. This should be approached carefully, and it is not clear in the document what processes would be used or how decisions would be made. The grounds for picking particular areas are not clear, and the proposal is grounded only in the vaguest terms of international competition.

It is far better for the government to identify and deal with broad structural issues rather than a heavy reliance on selecting individual research areas. In this respect Australia suffers from one outstanding chronic research deficiency, and that is in the linkage of academic research with external private and public agencies. Australia has made some worthy efforts to address these connections, including ARC Linkage Grants and CRCs, and these should be strengthened.

B-HERT recognises the argument promoted by the assertion that research training places should be allocated only to those institutions with strong research infrastructure and a proven research capacity, “where the quality of research performed within the university reaches high standards”.

Dual system of funding

B-HERT supports the policy to maintain and enhance the dual system of funding for research. The importance of knowledge transfer activity is acknowledged in the Paper, however the potential investment in this activity appears relatively small and unlikely to embed processes which support knowledge transfer activity on a larger scale within the higher education sector.

Research capabilities

The Paper articulates a clear intent to grow national research and innovation capacity to ensure Australia maintains a ‘seat at the

international table’ in the face of the significant investment by China, India, the EU and US in a knowledge based economy, and B-HERT supports this intent. The challenge is to increase Australian investment in R&D as a proportion of GDP.

Renewing Australia’s professional skills base in Science, Mathematics, Engineering and Technology

The Researcher Retention and Renewal Initiative aimed at addressing the ‘major gap in Australia’s human capital base caused by our inability to retain and replace research-skilled personnel in the Science, Engineering, Technology and Mathematics fields’ is important. Unfortunately there is limited detail on this in the White Paper and we look forward to this in time.

7.0 Innovation

The proposals under the Innovation section of the paper, including the Knowledge Transfer Partnerships, would be a welcome addition to the suite of policy responses designed to strengthen the capacity of business to engage with researchers and to contribute to productive innovation.

B-HERT agrees with the observations made about innovation, particularly the need to get away from the linear ‘knowledge-push/start-up company’ fixation, which has pervaded so much policy making in the past.

Anything that reduces risk or increases potential rewards will see more businesses innovate.

B-HERT welcomes the recognition that education and innovation are the key components of the next round of Australia’s broad productivity improvement and of maintenance or development of international competitiveness.

B-HERT agrees that the CRCs should have rigorous commercial assessment processes, but believes there should be a place for some CRCs to have all or some of their mission to be directed at the public good.

An interesting new initiative relevant to B-HERT is the “Knowledge-Transfer Partnerships” which will be placed in export and growth-oriented small and medium enterprises. The 100 partnerships grants per year at up to \$100K per innovation is a initiative relevant to B-HERT’s Mission.

B-HERT PUBLICATIONS

B-HERT NEWS

- No. 23 March 2006 *Emerging Skills: 2020 and Beyond*
No. 22 July 2005 *The Humanities and Business*
No. 21 Apr 2005 *Case Studies in Regional Engagement between Post-Secondary Education & Business*
No. 20 Jul 2004 *The Changing Education Needs of the Professions*
No. 19 Mar 2004 *The Challenge of the Private Providers*
No. 18 Nov 2003 *Teaching Excellence in Universities: Room for Improvement-out of print*
No. 17 Jul 2003 *Regional Provision of Higher Education*
No. 16 Mar 2003 *Developing Generic Skills: Examples of Best Practice*
No. 15 Nov 2002 *Productivity in the Higher Education Sector: What Does it Mean?*
No. 14 Jul 2002 *Excellence in Collaborative R&D*
No. 13 Mar 2002 *Vocational Education and Training (VET)*
No. 12 Oct 2001 *The Need for a Stronger Entrepreneurial Culture in Australia*
No. 11 Jul 2001 *The Knowledge Economy & Knowledge Management*
No. 10 Mar 2001 *Business, Ethics, Values and Education*
No. 9 Nov 2000 *The Triple Bottom Line: Shareholders, Society, Sustainability*
No. 8 Jul 2000 *Populate or Stagnate: Australia 2050*
No. 7 Mar 2000 *The Business of Education for Business*
No. 6 Oct 1999 *Lifelong Learning in the New Millennium*
No. 5 Jul 1999 *Australia – the Information Economy-out of print*
No. 4 Mar 1999 *Leadership*
No. 3 Oct 1998 *Innovation*
No. 2 Jun 1998 *Science Education and Science Research in Australia*
No. 1 Mar 1998 *Inaugural Issue-out of print*

B-HERT Position Papers

- No. 13 (December 2006) – *Increasing Private Support for Australian Universities*
No. 12 (November 2006) – *Australia's Universities: Building our Future in the World*
No. 11 (June 2006) – *Universities' Third Mission: Communities Engagement*
No. 10 (September 2002) – *The Importance of the Social Sciences to Government*
No. 9 (August 2002) – *Enhancing the Learning and Employability of Graduates: The Role of Generic Skills*
No. 8 (July 2002) – *Higher Education in Australia - The Global Imperative*
No. 7 (January 2002) – *Greater Involvement and Interaction between Industry and Higher Education*
No. 6 (August 2001) – *Sharing Administrative Functions at Lower Costs*
No. 5 (June 2001) – *What is Needed to Make Australia a Knowledge-Driven and Learning-Driven Society?*
No. 4 (February 2001) – *The Critical Importance of Lifelong Learning*
No. 3 (April 1999) – *The Case for Additional Investment in Basic Research in Australia*
No. 2 (October 1998) – *The Development of Cooperative Research Centres*
No. 1 (July 1998) – *Higher Education in Australia: The Global Imperative*

B-HERT Papers

- No. 7 (February 2004) – *The Knowledge-Based Economy: Some Facts and Figures*
No. 6 (February 2003) – *Research Issues for the Service Sector, Particularly for Community Service Professions and Export Services*
No. 5 (June 2002) *THE FACTS – Higher Education in Australia – Today Compared with Yesterday and the Rest of the World*
No. 4 (February 2002) – *The Knowledge-Based Economy: Some Facts & Figures*
No. 3 (September 1999) – *BHERT: Survey of Benefits from Commonwealth Government Business Programs*
No. 2 (August 1999) – *The Knowledge-Based Economy: some Facts and Figures*
No. 1 (June 1999) – *R&D Leadership Training: Direct Contribution to an Enterprise*

B-HERT Reports

- Leading Edge – Australian Public Sector Research* (November 2003)
Outcomes Report – Entrepreneurial Australia: Future Australia (May 2001)
Of Dollars and Cents (August 2000)
Future Australia (May 2000)
Directions for Higher Education in Australia (June 1997)
Directions for R&D Management: An Australian Strategy for Achievement through Leadership (March 1996)
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The Value-Added Degree - Case Studies in Broadening Undergraduate Education (July 1995)
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Developing Leaders in R&D (October 1994)
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