

A U S T R A L I A N · N A T I O N A L · U N I V E R S I T Y

Students' Association

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HER Discussion Paper: Learning for Life

The ANU Students' Association has major reservations about the direction proposed in the Discussion Paper released by the Higher Education Review. These reservations derive from the Paper's contention that further deregulation is the solution to problems within the higher education sector. We believe that this proposal for deregulation is equivalent to past proposals for a voucher system, and therefore, it suffers from the same defects. The response below addresses four issues: first, how universities will respond to a demand-driven system; second, differentiation between universities; third, the levels of public and student contributions to higher education; and fourth, culturally significant but low demand courses. We argue that deregulation is likely to create, rather than solve, problems in the sector and suggest that if this path were to be pursued, there would be a considerable need for a strong, independent regulatory body which could monitor issues such as fee levels (and their effects), differentiation within the sector and the preservation of culturally significant disciplines.

1. A Demand-Driven System?

The primary assertions of the Discussion Paper are: (i) that the sector is not sufficiently responsive to student demand; and (ii) that the means to address this lack of responsiveness is to adopt a 'demand-driven' system. Both assertions are questionable. Student demand is reflected in the entry standards for university courses and consequently, universities are already very concious of changes in demand. Perhaps unjustly, a university's courses and prestige are often judged according to their TER levels. University managers are greatly motivated to maintain the prestige of their university and consequently spend a great deal of effort trying to address flagging demand. Such efforts include a greater use of IT and the restructuring of courses and departments to allow greater flexibility for students. Furthermore, academics are very keen to maintain the academic standards of their courses, and once again, TER levels are very relevant in this regard. Consequently, academics are equally concerned by falls in student demand and are equally enthusiastic to reform course provision.

The Students' Association submits that the limitations on innovation within universities (one of the problems identified in the Paper) are due more to inadequate funding levels than to a lack of incentives. At ANU, for example, much time on Council, the Board of the Faculties and the Arts Faculty has been consumed by trying to 'restructure' the Arts Faculty to resolve funding difficulties which are, in the first instance, due to the non-funding of staff salary increases negotiated in late

1996. Little of benefit has come out of the restructuring itself, for the main purpose of the changes was to allow the Faculty to adapt to having fewer staff for the same numbers of students. Furthermore, this has created a climate of division and mistrust which has impeded the cooperation necessary to reinvigorate the university. The solution to this problem is not further deregulation, but sufficient levels of funding.

Even if a direct relationship between demand and funding does make universities more responsive, they will not necessarily be 'productively' responsive. Some of the efforts made by universities have been positive responses to changes in demand, but at the same time universities have been diverting considerable amounts into areas which have no bearing on the quality of education they provide. Marketing and recruitment have become increasingly important since the Dawkins 'reforms', as have extensive scholarship programmes. Both are indicative of the waste produced by competition. It is reasonable to provide scholarships to reward excellence and to support graduate students, however they are increasingly being used to woo excellent students from one university to another, so as to increase the 'prestige' of the university. This is an unproductive use of money because it does not improve the quality of education that university provides. This is not to say that competition can or should be eliminated, but just that increasing the level of competition between very competitive universities is just as likely to produce more wasteful expenditure as it is to produce student oriented outcomes.

One final problem inherent in the application of a competitive model to the higher education sector is that it will create further instability and uncertainty within universities. If demand falls, for reasons completely extraneous to the university, institutions will have to make do with reduced funds. It is entirely reasonable that universities be treated differently to private enterprises, and be provided with a buffer against changes in demand. This is necessary for continuity for the many students already within the system who have expectations about what subjects will be available and it is necessary for staff who will often collaborate in both teaching and research.

2. Differentiation

One of the major criticisms is too much pressure for conformity when differentiation is required (page 19). If what is meant is that there is a greater need for diversity of course offerings, and that teachers experiment with how best to educate their students, then the intention is laudable. However, what some proponents of deregulation intend is that some universities become lower-cost *and therefore lower standard* providers. Regardless of what the Paper intends by 'differentiation', there is the real danger that just such a hierarchy will be created (or accentuated).

A hierarchy already exists between universities at the moment. Group of Eight universities like the ANU generally have significant advantages in terms of prestige, location, strength of research and accumulated resources (eg library facilities). By contrast, regional universities are disadvantaged by their location and the new universities created from the old CAEs are disadvantaged by (often

unjustified) perceptions of low standards combined with less access to resources. If anything, greater monies should be directed by the Government towards such universities to assist them in their development. However, deregulation is likely to produce the opposite result.

Clearly urban, high prestige universities (like the Group of Eight) will be well-placed to attract students. In such a situation, many students will be influenced more by non-monetary factors (such as the prestige of the university they attend) and so student demand will be relatively

unresponsive to price. This will allow such universities to maintain high fees. Consequently, they will receive greater funds with which to maintain their position as the 'high quality' learning institutions. Regional and new universities will, by contrast, often have lower demand and consequently less funding available to maintain or improve their courses. Thus they may become entrenched as 'second-rate' universities. They would primarily be attended by students in regional areas for whom it was too expensive to leave home, by students who did not meet the higher entry standards at the 'elite' universities and by first-generation university students who were less confident about attending university (and were therefore more reluctant about taking on a large debt). Needless to say, such an outcome would be highly undesirable.

3. Public Contribution and Student Contribution

It is unfortunate that the Discussion Paper does not place greater emphasis on the many public 'spillover benefits' that are derived from higher education (listed at page 142). These in themselves provide a strong case for significant public funding. However, the Paper overlooks the further benefits that are derived from the *public funding* of higher education. In particular, strong public funding can foster a spirit of egalitarianism, ensuring that members of society believe that universities are open to all who merit entry. Strong public funding can also create a culture or environment in which continued education is prized and respected.

The basis on which the Government ought to determine its funding contribution is the extent to which it values the benefits which accrue from education and the extent to which it wishes to encourage more people to pursue higher education. We submit that it ought to value the public benefits very highly indeed (as the Paper seems to) for they have significant implications for the development of society. (Note: the ANU Students' Association still believes in such un-postmodern notions as the development of society.) Unfortunately, the recent funding cuts by the Federal Government suggest that it does not value these benefits and that it is not concerned to encourage more students into the sector.

At the same time as the Government contribution to higher education has diminished, student contributions have risen dramatically through the introduction of differential HECS. There are now some indications that this has deterred students from enrolling, as applications through UAC for 1998 have fallen by 7.8%. Obviously there are other factors which may have influenced student demand, but this fall is consistent with the arguments that were put after the HECS increases in 1996 that some students would be put off by the idea of taking on a large debt at a young age. If students

are being deterred from enrolling, this is a strong reason to cap the student contribution at a relatively low level. However, the most likely outcome of deregulation is that the student contribution will increase further. As the Discussion Paper notes (page 43), fees have risen substantially in the United States in response to cuts in public expenditure. There is no reason to think that this will not also - occur in Australia.

4. Culturally significant but low demand disciplines

The Paper seems to acknowledge, correctly, that there is value in culturally significant disciplines regardless of whether there is a low level of demand amongst students (page 42). Examples of such disciplines include Asian Studies, Classics and one pertinent to the ANU, the internationally recognised Division of Archaeology and Natural History (which is currently to be abolished). Universities do not exist just to serve their students, they serve society as well. As such, Government should intervene to protect and promote the broader responsibilities that universities have to 'store and preserve knowledge' (page 42). Under the preferred model in the Paper, there would be limited opportunities for Government intervention of this kind. In fact, the incentives created by a 'student-centred' system would cause the demise of many such disciplines. However much a university may wish to fulfil its broader responsibilities by subsidising low demand disciplines, it will be under constant pressure from other disciplines to cease such subsidies. The Paper's solution, that students rely on 'print based distance education courses offered through another institution' (page 42) is unsatisfactory' both for the students at the time, and the other members of the community have reduced access to the resources provided by such disciplines. This is just one illustration of the need to retain a regulated system, so that the Government can intervene to support and retain university resources which may be lost if left to the forces of a demand-driven system.

In conclusion, a shift from Government control to institutional control will probably cause further increases in student contributions and place greater pressure on culturally significant (but low demand) disciplines. Increased competition is likely to result in more wasteful expenditure on marketing and scholarships and student-centred funding may exacerbate the hierarchy that already

exists within the sector. Consequently, the Students' Association submits that the proposal for further deregulation will accentuate, rather than redress, the problems which currently confront the sector and that the case for Government intervention remains strong. We urge the Review Committee to explore the possibility that such intervention be implemented by an independent regulatory body which would advise the Government on the preservation and promotion of those aspects of the higher education sector which are of national importance, rather than institutional importance.

Written by Harry Greenwell (President) and Lara Shevchenko (Education Of dicer) on behalf of the ANU Students' Association.