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**DEPARTMENT OF EDUCATION SERVICES**  
**Office of Country High School Hostels Authori**  
**Office of Education Policy and Coordination**  
**Office of Higher Education**  
**Office of Non-Government Education**

19 December 1997

Mr R West  
The Review of Higher Education Financing and Policy  
Location Code 728  
GPO Box 9880  
CANBERRA ACT 2601

Dear Mr West

**RESPONSE TO 'LEARNING FOR LIFE'**

The above discussion paper on higher education financing and policy raises important issues that require attention. Thank you for the opportunity to comment.

I enclose a response on behalf of the Department of Education Services, and look forward to the final report. To address the myriad of issues facing Australian higher education is indeed a gargantuan task and I wish you all the best in your deliberations.

Yours sincerely

Berry H Durston  
DEPUTY CHIEF EXECUTIVE OFFICER  
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DEPARTMENT OF EDUCATION SERVICES  
**REVIEW OF HIGHER EDUCATION FINANCING AND POLICY**  
**A POLICY DISCUSSION PAPER**  
*COMMENTS*

The following comments build on our original submission and address the approach taken by the Review and a number of specific issues on which the Review has sought comment.

- As a discussion paper it has been very successful in identifying and provoking discussion on major issues facing higher education in the next 20 years. In our original submission we cautioned that attempting to look ten to twenty years hence in higher education had certain dangers, particularly given the current rate of change. History points out the dangers of extrapolating current and emerging trends too far into the future. The Committee would be well advised to regard their current approach as being simply one scenario, and a fairly extreme one. However laudable the attempt to outline global trends in technology, deregulation and the impact on the nation state, proposing radical policy change for Australian higher education based simply on one world view is a high risk strategy.
- Australian higher education is of high standard in world terms and the Review does not adequately acknowledge the strengths and contribution of the sector. Australian high education has already undergone a decade of change following the Dawkins White Paper and the system is moving towards greater deregulation and competition. In fact, a great deal has been achieved.
- The Review places great emphasis on deregulation, competition, and the efficacy of markets, yet developments in higher education along the lines proposed by the Review imply a major increase in regulatory mechanisms such as in relation to accreditation and 'prudential regulation'. Education and training are more than simple commodities and experience in Australia has shown that market failures in education, such as in relation to international students, immediately involves Government at both Federal and State levels and legislative controls. It is a weakness of the Review that it does not address the realities of the role of government in Australian higher education and the impact of the Federal/State balance in determining education policy.

A limitation for the Review is the apparent stance that government financial support for higher education must of necessity be capped at current levels. This is far from certain looking into the future, and it is surely possible that Government will find renewed enthusiasm for supporting developments in higher education. The perspective of the Business/Higher Education Round Table in their publication 'Directions for Higher Education in Australia' in regard to the nature of the role of government in Australian higher education is worth considering.

- The Australian higher education system is world competitive, as shown by its capacity to accommodate change, its research record and its attractiveness to international students. There are arguments in favour of further deregulation and increased competitiveness, but the higher education 'industry' has complex and often competing roles to play in Australian society and almost inevitably future education policy in Australia will exhibit a judicious mix of competition and constraint. The Review's argument that radical change is essential for Australian higher education seems unduly influenced by a specific and perhaps limited economic paradigm and by technological determinism.

### *.Concept of universal, publicly funded access to post secondary education*

- The vision of universal access to publicly funded postsecondary education is a laudable one, however such an objective must be tempered by considering the level of resources that the community is prepared and capable of committing to postsecondary education and the nature of the postsecondary education experience which would be seen as a universal right. Data outlined in Appendix 5 indicates that currently a school leaver has a 45% chance of commencing higher education during their lifetime and an 80% chance of participating in some form of postsecondary education. At first blush one could argue that we already had close to universal access to postsecondary education in Australia. The figures are of course distorted by the large number of short courses in TAFE, however the figure of a 45% commencement rate in higher education is very high and one could question whether we have not already reached some sort of threshold in this regard. Any increase in participation rates at university level without significant additional funding would be likely to be detrimental to quality.

### *A lifetime postsecondary education entitlement*

- The concept of a lifetime education entitlement is supported, but the central issue is the level of the entitlement required to maintain important goals such as equity and quality and to meet adequately the needs of the individual and society. The components of a lifetime entitlement will need to be teased out, as adult learning, university and VET are all different and need to be differentiated if this concept is to have real meaning.
- While we support the need to consider postsecondary education as a continuum rather than as separate sectors it is important not to lose sight of the different roles of the sectors.
- It is important to stress that a university education has both community and individual benefits and that an appropriate balance between community and individual contributions to the cost of the higher education system is important. It may well be that the current balance already has moved too far towards the individual and will be a disincentive to student enrolment in higher education in the next few years. There is little advantage to the nation if fee structures dissuade enrolments in key subject areas such as engineering and science or preclude access to quality education on financial grounds alone. Students should make an appropriate contribution to costs of their education and we would expect adequate scholarships and income contingent loans to be part of any financial support system. However, fees should be applied directly to the higher education sector thereby increasing the funding available, not to substitute for public funding.

### *Student fees*

- Some greater flexibility for universities in relation to fees should be possible provided the question of student 'entitlement' is adequately addressed. If students have an 'entitlement' they should be free to choose between university, TAFE and between public and private providers. Greater attention will need to be given to questions such as the distinction between private for profit and non-profit private institutions.
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### *Accreditation, quality assurance and accountability*

- Any increases in competition or increased options for students will inevitably raise issues of accreditation, quality assurance and accountability. These processes will need to be adequate and will constitute a constraint on unfettered competition. The key is the question of providing adequate accreditation/quality assurance/accountability by an appropriate body. While Federal and State Parliaments provide resources to universities and while these institutions are accountable for their operations it is hard to see these important functions being other than a government or quasi government role. Proliferation of postsecondary institutions and qualifications will focus greater attention on what we mean by a degree course and by an appropriate education institution. Greater competition, particularly from international sources, may simply lead to various forms of regulation and protection
- Assuring the financial viability of any institution or organisation is difficult and involves the question of the ultimate responsibility for universities in the event of market failure. As the Industry Commission has pointed out, a direct or implied financial guarantee for students will inevitably involve legislation, controls and government involvement.

### *Asset management*

- The notion of the infrastructure charge does not reflect the fact that circumstances differ in relation to the ownership and control of university assets across the country. This is not a new idea and is of dubious merit and practicability. The Review is quite right to acknowledge that 'there are many issues which need to be thought through in assessing such proposals'. The difficulties and issues associated with the Federal/State balance of responsibility for higher education is one issue that deserves greater attention in the Review. This is particularly true of the diverse arrangements involving university lands.

### *Government incentives*

- As we noted in our Submission, 'Australia does not have a tradition of high levels of private philanthropy for higher education, nor does the level of private capital indicate that this can develop significantly in the foreseeable future. It is important however to encourage private enterprise to make additional contributions to the university system and further consideration should be given to the provision of government incentives for this purpose'.

### *Student centred funding models*

- A funding model which incorporates the notion of some greater flexibility for the universities in regard to fees and student numbers can be readily married with the notion that students be given an entitlement/voucher or scholarship which is redeemable at any accredited institution. These are essentially incremental developments on current arrangements.

### *Teaching and Research*

- Discussions about the balance and interrelationship between teaching and research are ongoing in the university system and there is a need from time to time to address this balance. What is clear is that the concept of an Australian university has distinguishing characteristics which involve a judicious mix of teaching and research. While teaching and scholarship should be valued and promoted this is not advanced by overlooking the current strengths in research in Australia. Fine tuning is undoubtedly required in relation to research policy to ensure a balance between discipline areas; between applied and pure research and between competitive and block funding. Once again these developments are essentially incremental and do not require radical changes to the existing system.