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Mr Roderick West

Committee Chair

C/- The Review of Higher Education Financing and Policy

Department of Employment, Education, Training and Youth Affairs

Location Code 728

GPO Box 9880

CANBERRA ACT 2601

Dear Mr West

RE: *Response to Learning for Life, a policy discussion paper issued by the Review of Higher Education Financing and Policy*

James Cook University welcomes the opportunity provided by the Review Committee to have further input on this draft discussion paper before finalisation of the Committee's report. We wish to emphasise that: the following comments are addressed broadly at the conceptual and philosophical issues underlying the discussion paper, and not at any University-specific matters. We do not believe that it would be productive to respond in detail or in depth because everything depends upon precisely how the Review's recommendations might be implemented. Principles cannot be evaluated in isolation because, in real life, the degree to which a great principle may be embraced depends upon how it conflicts with or reinforces other great principles.

## **Research In Universities**

The apparent failure of the Committee to recognise the crucial role of research in universities is a major oversight. The basic research carried out in universities is crucial to the intellectual, social and economic health of our society. Teaching and research are inextricably linked - good university teaching is and must be informed by good research - and any attempt to financially disaggregate teaching and research in furtherance of a crude and utilitarian approach to tertiary teaching would have grave, long term consequences for the quality of the nation's tertiary education.

## **Market Model**

The market economy model, which underpins the entire report, is inappropriate to universities, and should be abandoned. Competition will not produce better teaching, just cheaper teaching, and the consumers will make choices based on insufficient or inappropriate or irrelevant information.

Competition policy may use fine rhetoric about equity and quality, but there is ample evidence from around the world to demonstrate that, although such an approach may result in leaner, meaner and technically more efficient institutions, the displacement of costs "off-budget" simply means that these "savings" now show up as hidden costs elsewhere, such as gross inequalities in terms of both access and quality. In such an environment, the well-heeled student elbows out the poorer one and the less than scrupulous university derails one that is not quite so ready to subordinate its values to the lowest common denominator of the marketplace. Competition of this kind eats into social capital at every level.

### **User Pays**

A necessary precondition of any user pays system is that the user will be able, and willing, to pay. We cannot assume this to be the case in higher education. Prospective users (usually young students) are being asked to pay large sums of money for a service, which is of variable quality at best. Many universities acknowledge that the quality of this service is declining - whether as teaching itself, equipment or facilities or the marketability of the final qualification based on the reputation or standing of the institution that delivers it. The problem of maintaining quality, and hence users willing to pay, is especially acute for smaller and/or regional universities. They do not have the economies of scale available to the larger institutions.

For young people without a personal capital base, the already difficult choice of foregoing wage earnings for three or more years is compounded by the spectre of emerging from their tertiary studies with a large debt and no certainty of employment. They will also need to weigh up the reality that the requirement to pay a substantial debt may constrain them from embarking on the important life choices traditionally associated with the mid-twenties to mid-thirties age groups - starting a family and buying a home. A business writer in the *Weekend Australian* recently attributed the higher education debt in this age group as a significant factor in the drop in housing sales and a growing trend away from home ownership towards renting. It is hardly surprising then, that enrolments are decreasing, as young people begin to question the value-for-money of an expensive education. There is a grave risk, as we are pushed more and more towards full cost recovery, rising prices will lead to declining enrolments, as users decide that the cost of a degree is out of reach, or simply does not make economic sense.

We risk finding ourselves caught in an ever-narrowing vicious circle - as enrolments drop, fees will have to rise further to cover costs, leading to further cuts to enrolments, etc. Again it is the smaller and regional universities that risk going to the wall during the next decade. This vortex scenario suggests that the future users of higher education will increasingly be those who are independently self-sufficient rather than those who are talented of demanding a higher education. This raises some far more fundamental questions of the moral, social and academic excellence implications.

### **Teaching Technology**

It is true that technology has the potential to reduce teaching delivery costs for those students for whom it is an appropriate mode of delivery. The Committee appears not to have distinguished between the needs of students at different life-stages, with different learning styles and in different environments. Technologically-based and remotely delivered learning is not suitable for all students, nor indeed for all disciplines, and is certainly not universally cost-effective. There are significant additional course-development costs associated with flexible delivery, and it has been estimated that a minimum break-even enrolment level in such courses is 1000 students. This is clearly an unrealistic proposition at an individual institutional level for all but a handful of highly-subscribed courses. The Committee would

therefore do well to address the issue of how to provide incentives for universities to share course development costs, teaching materials and infrastructure resources on a system-wide basis. Equally, academic staff need both incentives and training to use technology in their teaching, as and when appropriate. This may then deliver some of the cost reductions on which so much of the policy discussion paper is premised.

The Committee also needs to address the question of how to avoid stifling the diversity and individuality that generate the essential dynamism in the learning situation.

### **Regional Universities**

Whatever valuable consequences might be believed to flow from increased deregulation, mainly through increased competitive pressures, it is essential that the unintended consequence of a negative impact on regional universities be avoided. The position of regional institutions is quite different from that of the huddled metropolitans. There is a real risk that regional universities could become the functional equivalent of distant University Colleges of a few centralised metropolitan megacentres or that distance delivery of uniform courses could decimate the need for local presenters. This would have dire consequences for the region as the local university provides far more than education. Regional institutions make a significant input to their local economy, they make a major contribution to local research and development, and they have a significant community role in that they participate in and develop all areas including cultural, intellectual, social, academic and others. Regional institutions represent the sole, readily accessible physical embodiment of higher education in their area, often being several hundreds of kilometres from another institution, unlike the situation in larger cities where there are generally more than one such institution. These implications must not be overlooked.

### **Conclusion**

A market-driven response to tertiary education cannot reflect the higher education needs of this country nor does it offer the prospect of any serious investment in the skills and potential of all Australians. The discussion paper is premised on the simple notion that 'downsizing' the public sector is good and that there is no case to be made for a serious public investment in higher education. Governments must decide how many places they are prepared to fund at a level which will support quality education. A deregulated, demand-driven teaching environment will not only fail to meet national priorities in higher education, but will create 'perverse incentives' for institutions to compromise their principles.

It is hoped that the Committee will consider the issues raised in this response when compiling their final report.

Yours sincerely

Bernard Moulden