

18'12 '97'THU 16:14 FAX 088927.3480 VICE CHANCELLOR NTIT

41

Northern Territory University

The ViceChancellor

Professor Ron McKay, BSc, PhD, GDipComh GDipBus. FAIM

18 December, 1997

Mr R West
Chair
Review of Higher Education Financing and Policy
Location 728
Second Floor
16 Mort Street
CANBERRA ACT 2601
Fax - 02 62408854

Dear Mr West

Please find enclosed for your consideration a response from the Northern Territory University to *Learning for Life - Review of Higher Education Financing and Policy - a discussion paper.* Enengo-v.-r'DI-ive
T'p9 you for the opportunity to make a response. Casuar-na

NORTHERN TERRITORY UNIVERSITY

Comments On *LEARNING FOR LIFE*

The document *Learning Or Life* has achieved its purpose of stimulating discussion about the future of higher education financing and policy. Many of the issues raised are difficult ones and the Review Committee is to be congratulated on its willingness to tackle them. The Northern Territory University is pleased to have an opportunity to comment on the views and ideas put forward by the Committee.

In summary, the view of the Northern Territory University is that the discussion paper does not make the case that the current approach and funding system require radical change. While some change and improvements are needed, the present system has served Australia well and continues to offer a reasonable way forward. Further, we believe that the level of deregulation favoured in the discussion paper is far too severe, and alarming in some respects; its implications do not appear to be understood or even to have been fully explored. Other mechanisms exist to achieve the responsiveness to change that is required of the system. On the other hand, the University welcomes the Committee's view that arrangements for managing the higher education and vocational education and training systems should be rationalised so that post secondary education is seen as a continuum.

The following comments address aspects of the paper in more detail.

Chapter 1

A policy framework under stress

There is little doubt that those in the Australian higher education system are uneasy. Much of this is a result of uncertainty associated with rapid change. Funding levels have diminished and indications are that they will continue to do so; a review is underway; and a usually predictable and relatively comfortable future is by no means clear. It may be true that the policy framework of the past decade is under stress but to some extent this is a result of the introduction of elements of a new, ill-formed and poorly communicated policy. The difficulties that some have in seeing higher education as an industry, are a reflection of the resistance to change which has been expected but not well understood.

Change is unavoidable and urgent

The environment in which the higher education system must operate is certainly changing and the predicted future characteristics of it, as outlined in the discussion paper are probably reasonable. The policy framework for higher education does need review and must be adapted for the new environment, but it is not obvious that revolutionary change is required or even desired.

It is true that the existing framework has some deficiencies

it does need to be more internationally focused;

it could be more student centred;

aspects of it are inflexible;

it could provide more incentive for private investment;

it may not promote the perception that teaching is as important as research;

· there are still equity issues of concern; regulatory arrangements may be inappropriate; and

management of the interface between higher education and vocational education and training is poor.

However' in some respects the discussion paper does not give a balanced view of these deficiencies or recognise that they may be addressed with simple changes to the current framework.

While there is a need to be more student centred, there is also a need to consider and respond to the requirements of other stakeholders and to address national interests. This University has not, in general, found the current system limiting and, in fact, significant changes in the institution in the recent past have been more influenced by student demand than by the central funding agency. It is curious that stability of funding should be regarded as inflexibility. If planning is adequate, substantial fluctuations in educational profiles would not normally be expected from year to year; this is a strength of the current system. Nevertheless, there is room for a little more flexibility on the part of the central funding agency in negotiating profiles that appropriately meet local needs. More emphasis should be placed on planning profile changes in advance so that they can be implemented smoothly. The contractual obligation associated with the profile along with increasing funding pressure have been more than enough incentive to be responsive and innovative; in this connection, change in this institution, and probably in several others, has been substantial in recent times.

Significant steps have been taken in the Northern Territory University over the past few years to promote excellence in teaching. Indeed, it is fair to say that more has been done in this regard than to promote research activity. This is evident in awards for excellence in teaching, in evaluative arrangements and in guidelines for promotion. There is still a perception that research counts for more and achievements in research are apparently easier to measure. This culture will take a while to change regardless of the framework. ~ present there are incentives for excellence in teaching. The pressure for attention to quality in institutions should not be underestimated and, in this institution, the need to reach profile targets is a significant incentive. Regulatory arrangements in the present system do need review and there should be a more consistent approach to institutional freedom and central control. The profile process should result in an agreement between the funding agency and the institution which sets out expectations and obligations; the institution should then be free to meet these obligations in a manner of its own choosing.

The current problems associated with the interface between higher education and vocational education and training are particularly evident to this institution. There are inefficiencies and opportunities lost for all stakeholders and there is a degree of inequity across the sectors. The present arrangements are certainly deficient in this regard, but this can be addressed without massive change to the higher education framework

A vision for the future: reaming for life

The University is pleased to endorse the elements of the vision expressed for post secondary education for the future.

Realising the vision

The principles outlined for realisation of the vision are also generally supported. However, with regard to **maximising study options for students** care should be taken that the pendulum does not swing too far

from other stakeholders; a balance should be maintained. In considering quality it is appropriate to focus on outcomes but it is also appropriate to consider process. It is necessary to be wary of superficial outcome measures.

Student learning first

While it is reasonable to place student learning first - and this is a clearly stated policy of this University - other interested parties' the community, industry, government and the taxpayer should not be excluded

World class post-secondary industry

The Northern Territory University agrees with the Committee's views on the development of a post secondary education industry more focused based.

More focused research

NTU supports the thrust towards more focused research, although again urges caution in the implementation of more student centred training arrangements.

Making the transition

It is also clear that institutions will need time to adjust to any major change in policy framework. As indicated earlier, it may be argued that many of the problems perceived at present are a reflection of abrupt change in funding policy.

Chapter 2

Digital revolution and the Internet

In general the University agrees with the Committee's assessment of the significance of developments in information and communication technologies for the future of higher education; the Internet will be an increasingly powerful and important tool. However, it is not easy to accept that education and the process of learning will be "dehumanised" to the extent apparently envisaged by the Committee. There are social aspects of learning which should be expected to draw those involved in the process, students, teachers and others, together. It is important to promote and encourage this dimension of learning in the emerging technological environment.

Responding to the challenge

Current funding arrangements represent only one factor in considering the ability of the higher education sector to respond to changes associated with new technologies. Others include the low level of technological literacy of academic staff resulting from the rapidity of the development of technology; many will have had limited exposure to information and communication technologies in their major studies. Changing the funding system radically will not address all of the issues.

The questions posed for institutions are important. However, they are as **important** for the Government. A broad policy framework which, as a minimum, outlined the Government's views on the issues involved would be helpful. While institutions do not need specific solutions from Government, they do need a sense of the Government's priorities for teaching and learning.

World class post-secondary industry

The Northern Territory University agrees with the Committee's views on the development of a post secondary education industry more focused based.

More focused research

NTU supports the thrust towards more focused research, although again urges caution in the implementation of more student centred training arrangements.

Making the transition

It is also clear that institutions will need time to adjust to any major change in policy framework. As indicated earlier, it may be argued that many of the problems perceived at present are a reflection of abrupt change in funding policy.

Chapter 2

Digital revolution and the Internet

In general the University agrees with the Committee's assessment of the significance of developments in information and communication technologies for the future of higher education; the Internet will be an increasingly powerful and important tool. However, it is not easy to accept that education and the process of learning will be "dehumanised" to the extent apparently envisaged by the Committee. There are social aspects of learning which should be expected to draw those involved in the process, students, teachers and others, together. It is important to promote and encourage this dimension of learning in the emerging technological environment.

Responding to the challenge

Current funding arrangements represent only one factor in considering the ability of the higher education sector to respond to changes associated with new technologies. Others include the low level of technological literacy of academy staff resulting from the rapidity of the development of technology; many will have had limited exposure to information and communication technologies in their major studies. Changing the funding system radically will not address all of the issues.

The questions posed for institutions are important. However, they are as **important** for the Government. A broad policy framework which, as a minimum, outlined the Government's views on the issues involved would be helpful. While institutions do not need specific solutions from Government, they do need a sense of the Government's priorities for teaching and learning. Suggestions that the teaching model underlying the existing funding scheme is too costly should be considered against the value placed on education; will a cheaper alternative provide the desired outcomes.

Flexibility

The Committee's comments on the need for flexibility appears not to take account of the recent study of costs across universities in Australia, UK, USA and Sweden which showed that the selected universities in Australia are very cost effective.

Chapter 3

It is inevitable that change such as that which has occurred in the higher education system over recent years will create strain. It is also inevitable that morale will suffer (notwithstanding that maintenance of the perception of low morale has become a tradition for Australia universities). While it is clear that institutions must continue to adapt to the environment, it is by no means clear the revolutionary change to the current policy and funding framework is the answer.

Building on strengths/level of weakness

The current higher education system certainly has the strengths identified in the discussion paper. Again, however, aspects of its weaknesses are overstated. As noted previously, the argument that the current system has an inadequate focus on students overlooks the obligations of meeting agreed profiles, and ignores institution of needs for planning to meet the requirements of many stakeholders of which students represent one albeit a very important one.

Neither of the extreme policy frameworks identified in the discussion paper is attractive. No University would want tight central control, nor would that be appropriate for the diverse needs of the community. However' the other extreme based entirely on student demand is also not appropriate. It relies too heavily on students having the information that they need to make good choices, and on their making choices consistent with national interests even if they do have the information. Why would students be expected to take a strategic view? A totally demand driven system could well threaten the viability of regional institutions such as NTU. This would mean that all of the other **social, economic and** intellectual benefits that NTU brings to its community could be endangered. Further' such a system is fraught with difficulty for all institutions because of the potential for mismatch bet seen **demand** and institutional infrastructure and other resources. A balanced approach is needed, one which takes account of student demand but which also recognises other requirements, both nationally and locally

This University is actively pursuing low cost delivery options as a matter of necessity. This is one of a number of strategies to deal with the current and emerging environment. The intention is to provide as broad as possible a range of opportunities to the regional community, in keeping with demand, within available resources. The incentives are strong: to serve the community and to cope with funding pressures applied through the current funding framework. It should be noted, incidentally, that some low cost options, such as franchising, can reduce diversity although, of course, this can be balanced by the development of niche areas in different institutions.

As stated earlier, this institution sees the need to reach profile targets as a strong incentive for good teaching. Further, the need to establish the reputation of a new regional university for the benefit of the community, staff and students is a powerful incentive to raise teaching quality. The perception that research is more highly valued than teaching is more related to difficulties in measuring performance. It is agreed that more funding should be allocated to competitive grants for teaching programs

The Committee's assessment of programs on equity issues is reasonable. For NTU the low retention rate is secondary schools of Aboriginal Australians in the Territory is an ongoing impediment to reaching the full potential to service the education and training needs of more than 25% of the region's population

The Committee's remarks on funding for private institutions should be balanced against the need for an effective public higher education system. Assistance to private institutions might impact on the quality of a public system which is currently struggling under severe financial pressure to maintain its infrastructure and level of service There is some evidence that support for private providers in the vocational education and training system in 'thin markets', as in the Northern Territory, has threatened the viability of some courses.

Regulatory arrangements

Regulatory arrangements are in need of reform. Fee paying arrangements do lack cohesion and should be addressed. The discussion paper analysis of the management of the higher education and vocational education and training interface is accurate and there is a need for rationalisation. However, in the case of salary bargaining It is not clear that the difficulties mentioned are real ones. For many institutions, particularly the more established ones, revenue from non Government sources is a substantial fraction of total revenue, indicating much greater freedom and flexibility than suggested in the paper.

More business-like management

It has been clear for some time that universities must behave in a more business-like manner and most are doing so. For NTU, which has been persistently under funded and which has a small local market, incentives for cost reduction are strong as they are for being more business-like in other operational aspects.

The matters raised about direct and transparent delivery of public funding are made very much from the perspective of an outsider to the system (Global Alliance Limited presumedly). While the comments might be true from that perspective, why shouldn't a university use Its capital assets to benefit its clients and the institution? There is a nexus between teaching and research which needs to be maintained and complete

differentiation of costs associated with these components is not sensible. It is acknowledged that universities are funded by taxpayers with personal contributions from students, this can be made explicit if it achieves some purpose. Secondly, the 25% discount for up-front fee payment acknowledges the costs associated with deferring to tax.

Value from university research

The points made about public investment in university research are generally reasonable but there is no evidence to support the assertions that the allocation of funding for research infrastructure is less than optimal or that the balance between project grants and block grants has tipped too much towards project funding.

There is a need to encourage mobility of students among institutions to increase their options. Linking funds too tightly to student demand is likely to lead to more research training in major capital cities because of the prestige associated with established institutions. Funding should be allocated to encourage student mobility so that research training is undertaken in the institution with the most to offer in the research areas in question.

Chapter 4

Financing framework

Again, this University strongly supports the 'seamless' approach to post secondary education.

Basic principles

The basic principles regarding public support for learning and teaching are supported. It is worth emphasising that public funding for education and training should be seen as an investment in the nation's future rather than a cost to the taxpayer.

Student centred policy framework

It is agreed that maximisation of participation should be a goal but, as previously expressed, there are matters of concern associated with the student centred approach. Such an approach does not provide any opportunity for strategic direction to be given to the system. (The discussion paper acknowledges the need for priorities in research in the national interest, while arguing for a funding framework lacking a capacity for strategic management.) The current system, with greater flexibility in negotiating profiles and associated matters, has the potential to achieve a balance between responding to demand and setting strategic directions.

Clearly, if a student centred approach were to be adopted funding driven by demand would be preferable. The difficulties and costs associated with implementing a national system for the allocation of tuition grants would appear to be substantial. This path seems unnecessary if, indeed, the financial concerns of the demand driven system can be addressed through the suggested controls on access and use of public funds. Incidentally, if this is the case, it appears that funding could be found to resolve the issues of unmet demand that arise in the current framework.

Upfront payment of tuition fees should not be required for study towards a first qualification in a public institution, and there should be universal access to income contingent loans. However, in addition there may be cases where study towards further qualifications should not require up front payments; such instances may arise where there is a clear national or local need for advanced education or training. A limitation to first awards would not recognise the now well accepted need to facilitate the acquisition of new skills in a rapidly changing world. The arguments that five years of post secondary education could reasonably be funded seem compelling. The mention of a combination of vocational education and training and higher education awards is encouraging and thoughtful. The key principles behind the discussion of universal access are supported; however, the jury is still out on the impact of some aspects of HECS.

There is a down side to the proposal that institutions should be able to set tuition fees that is not explored in the discussion paper. Firstly, this could mean that some courses will become inaccessible to some students. Higher cost courses in science and engineering that do not lead to highly paid positions could suffer. Equity may be an issue if all students have the same entitlement to public funding, but some get for their money. The ability to set fees would favour the large established institutions. In order to attract students, NTU (and probably other regional institutions) would need to maintain lower fees, yet infrastructure and operational costs are relatively

high. The viability of the institution could be threatened. If the introduction of tuition fees means that students head to Sydney or Melbourne, there will be an impact on regional development that might not be in the national interest. Finally, there is the possibility that all fees will go up, reducing accessibility.

As stated previously, it is essential to ensure that Australia has an effective and properly funded public higher education system. It is difficult to match the current financial pressures with the suggestion that public funds should be spread more thinly.

Differential funding for courses presents an opportunity for government to influence students to study courses where graduates are essential to society but not necessarily as highly valued as they might be, such as in nursing, social work, teaching, etc. In general, differential HECS should be related to private benefit rather than to cost.

This institution is opposed to the introduction of an external accreditation system. Institutions should be responsible for their own quality and are already subject to appropriate accountability controls. In this area, the discussion paper is more regulation and greater intrusion, not less than now exists.

It is certainly true that students would need good information about options. However, the performance of institutions should be only one aspect of the choice. Students will also need good advice on employment prospects in the future; there is then the question of whether students will act on such information in a reasoned way. Explosions in student numbers in accounting, geology and law in the past do not support the view that decisions will be taken strategically or even rationally.

The notion of an infrastructure change is worth exploring but it seems fraught with difficulty. At least it recognises that there is a public **investment** in higher education rather than just a cost burden. It seems doubtful that the time and effort that could be spent grappling with this complex issues would be well spent.

It is unfortunate that facilitating access to private capital seems more directed to establishing private providers than making such Capital available to existing institutions.

Funding models

For the reasons outlined earlier, the proposed student centred funding models are not supported by this institution. There is too much deregulation in the second and third models and the impact of the introduction of either one is unpredictable. Even the 'incremental change' model goes too far too quickly. More energy should be focused on addressing ways in which the

current framework can be made more flexible and adjusted in other ways to help meet the challenges identified earlier in the paper. Importantly, there should be a more even handed approach to vocational education and training and higher education.

Encouraging good teaching

The University favours increased support for CUTSD Institutions should be encouraged to ensure that staff are properly trained for teaching, but little value is seen in the establishment of a national centre.

Encouraging good research training

It is agreed that research training needs to focus more on the training of students NTU has recognised this and has mechanisms in place to address it. However, the University has the same concerns about a student centred approach to funding as it has with funding for undergraduate teaching, and believes that the proposed system of portable scholarships would be counterproductive. Students may well move towards the institutions regarded as prestigious whether or not the research in their areas of interest is the best available. Further, the proposed administrative arrangements are clumsy and unconvincing. Mobility should be encouraged for the right reasons; again, the current system seems to offer a better chance to do that as research concentration and diversity among institutions develops. It would be a serious mistake to discourage research activity in regional institutions (as the proposed scheme could well do) since such activity is a vital part of regional development

Research policy and funding models

The NTU agrees with the fundamental principles suggested as underpinning future research policy and funding. However, as indicated above the proposed funding models are of concern. The 'low impact' model is regarded as good from a funding viewpoint but with regard to research training the status quo is preferable. Mobility should be encouraged through the current profile system. It might be noted in passing that the 'low impact' model may in fact have a very significant impact; again, the outcome is unpredictable.

In general treatment of research policy and funding issues is somewhat superficial in the main body of the Report. It is acknowledged that these issues are dealt with in more detail in the appendices and comments on this material are offered below:

Supporting Research in Universities

The notion that higher education institutions are important elements of the broader research and innovation system of Australia is strongly supported

Strengths and Weaknesses

The identification of strengths in the system, particularly the allocation of funds through competitive processes open to all universities is endorsed. The need to coordinate and enhance priority setting mechanisms is acknowledged and the idea that ARC could play a strong role in this direction is supported.

Knowledge and Technology Transfer

There is strong support for the CRC program as a unique and very effective mechanism for enhancing appropriate interactions leading to innovation. Perhaps the main body of the Report could make mention of the effectiveness of this program in enhancing technology and knowledge transfer between industry, stakeholders and the higher education sector.

Research Infrastructure

The case for increasing the absolute amount of funding available for the maintenance and enhancement of research infrastructure in Australian universities is compelling, yet the main body of the Report seems to comment on allocation mechanisms rather than identifying increased absolute funding as a desirable outcome.

The argument that there should be a shift towards allocating infrastructure funding in association with project grants rather than to institutions is contestable. Smaller and newer institutions wishing to develop and manage particular research foci might wish to apply RIBG funding to develop infrastructure capable of supporting research beyond that associated with an individual or small team of researchers.

The notion that research infrastructure funding should be increased to 40 cents in the dollar is strongly supported. The difference between the role of RIBG and Research Quantum (RQ) funding programs does not appear to have been fully appreciated and statements that the value of current arrangements for allocating RQ is questionable are contentious. To argue that the distribution of RQ across institutions has remained stable is inaccurate particularly for newer institutions developing research profiles which are gaining a larger share of RO funds in recognition of research success. There is a need to support research in newer institutions as the application of Mechanism B for only a short period of time did not "level the playing field". While aspects of the composite index calculation (on which RQ funding is based) could be improved it is not clear that a better mechanism could be devised for calculating block grants. The idea that block grants could be established and reviewed on a three year cycle would help entrench advantage to older, larger institutions and not be responsive to institutions where research activity is strongly increasing. Consideration needs to be given to the idea of increasing the RQ with new money and this University strongly supports the retention and expansion of the Research Quantum.

Research Training

The importance of research training as a critical function of universities is strongly endorsed.

While there has been strong growth in the provision of research training it is not appropriate to assert that the quality of the research training environment particularly supervision is necessarily under threat. Many institutions including the HITU have placed considerable effort into the training of supervisors and identified funding for support of postgraduate research students.

As indicated above the suggested change to a new student centred model for postgraduate training is not supported. The mechanism of a portable scholarship is fraught with great difficulties. Developing an appropriate equitable and efficient assessment mechanism for their allocation would be problematic. It could also lead to students opting to take up scholarships at institutions based on perceptions of prestige relating more to history than good quality research opportunities in the national interest.

Chapter 6

Taking the long view

The University applauds the Committee's understanding of the need for a slow transition. Abrupt changes in policy and funding do not take account of the nature of the education industry.

Student choice

The Committee's response to concerns about students making poor choices is naive and ignores the facts. Students should be expected to act in what they perceive to be their own immediate interests. There is little evidence that they will look forward to employment prospects in the future or that the needs of the community will be considered.

Similarly, the response to concerns about important but low demand disciplines is simplistic. Some disciplines can be handled reasonably through technology and at a distance; for others it is more difficult. In some regions the viability of a wide range of options could be threatened; regional communities do not want universities that are simply shop fronts for others.

The Committee's comments will do little to allay fears that the introduction of tuition fees will lead to rising costs; the argument is unconvincing.

Impact on regional universities

Comments on the likely impact of increased competition in regional universities offer little comfort and demonstrate little understanding. This

University is already experiencing viability problems in VET areas as a result of increasing competition in a 'thin' market. The capacity to compete is low when infrastructure costs are extremely high as **they are** in

this region. If the Committee's view is correct about technology usage then the irripact on regional institutions with regard to student demand would be much higher than anticipated by the Committee. Overall, the Committee's attention to regional institutions is disappointing. The very real concerns expressed by such institutions are discussed with little analysis. Regional institutions are important to regional development vital to the future prosperity of Australia; this seems to have been overlooked by the Committee.

Generally, the Committee's treatment of research and research training is superficial and understates concerns and likely future difficulties. The administrative tasks associated with research training proposals, particularly, are underestimated.

[\[Return to Top\]](#) [\[Return to Index\]](#)