



**Group of Eight**

**Submission**

**to**

**Senate Employment, Workplace Relations and Education  
References Committee**

**Inquiry into higher education funding and regulatory legislation**

**Introduction**

The Government's May budget announcement, *Our Universities: Backing Australia's Future*, and the Labor Opposition's recently announced higher education policy, *Aim Higher: Learning, training and better jobs for more Australians*, recognise the critical role universities play in maintaining the quality of life for all Australians and acknowledge that universities require a significant injection of new funding.

“The aspirations we hold for Australia, the standard of living enjoyed by its citizens and its values, will be largely driven by research, teaching and scholarship undertaken by Australian universities.” The Hon Brendan Nelson MP, Foreword, *Our Universities: Backing Australia's Future*, 13 May 2003

“Education is the bridge to the future for our nation and people. Investment in education enhances our society; it maximises the potential for all our people.” The Hon Simon Crean MP and Jenny Macklin MP, Foreword, *Aim Higher: Learning, training and better jobs for more Australians*, July 2003

The Go8 applauds this strong commitment to higher education by both the Government and the Opposition. However these policy and funding initiatives propose significantly different approaches to harnessing the additional resources that are required to ensure that Australia does not lag competitor nations in the quality of higher education teaching, scholarship and research.

In this submission the Go8 offers commentary on the reform agendas proposed by the Coalition and the ALP. Current funding arrangements are complex, opaque and unstable. They do not serve the best interests of staff or students nor do they provide the basis for a strong, internationally competitive and sustainable higher education system. It is now important that policy reform is delivered to the Australian community through the immediate provision of adequate financial resources to our universities and support for students.

## **General comments**

The vice-chancellors of the Group of Eight universities have welcomed the Government's reform agenda as the most comprehensive and radical package since the Dawkins reforms of the late 1980s. Additional government funding and fee flexibility combined with student loans and scholarships recognises public and private benefits and a responsibility for public and private investment commensurate with this benefit. The package introduces greater transparency in the way universities are funded and includes incentives for universities to diversify their missions and pursue excellence in service delivery. The proposals encourage a student focus and greater responsiveness to market forces. The four pillars of sustainability, quality, equity and diversity provide a firm foundation for reform.

The ALP package seeks to maintain many of the current policy settings but recognises the need to inject additional funds. Unlike the Government's proposals these extra funds are exclusively drawn from the public purse with no additional imposts on students. Full-fee paying places for Australian students are to be abolished. While a generous program in terms of public expenditure it appears that many of the difficulties associated with the operation of the current complex and outdated formulas for distribution of funds within the sector will be maintained.

At this time legislation has not been introduced into the Parliament and evaluation of both the Government and Opposition proposals is limited by the amount of detail publicly available. The Go8 awaits the opportunity to review the detail of the prospective reforms when legislation is introduced into the Parliament. In the interim a number of specific comments can be made about aspects of these packages.

### **1. Research**

The Go8 believes that the health of teaching and learning in Australia's universities cannot be adequately addressed in isolation from their research capabilities. In this respect it was disappointing that research was not addressed within the reform packages of either the Government or Opposition. Reform of, and support for, university research in Australia must now be a priority issue for the 2004 budget and it is noted that a number of Government reviews are underway and the ALP policy is soon to be released.

### **2. HECS and full fees**

The Go8 welcomes the Government's proposal to allow universities to vary HECS fees down or up to new higher limits. In this context fee and scholarship measures must ensure that ability to succeed, not ability to pay, will be the central criterion for access to all universities. In this respect the Go8 is concerned that the proposed equity arrangements will not achieve the Government's stated goal of enabling all students to fulfil their potential regardless of their personal circumstances and backgrounds. Consideration could be given to mechanisms that permit universities to vary HECS and full-fee charges within courses on the basis of equity grounds determined by each university.

Raising the income threshold at which HECS becomes repayable is an important step in removing barriers to committing to a HECS debt especially among students from low SES backgrounds. The Coalition and Labor are proposing \$30,000 and \$35,000 respectively. The Go8 supports the higher amount.

Additional comments on the operation of scholarships can be found later in this submission.

### **3. Commonwealth Grants Scheme (CGS)**

The proposed CGS provides a clear basis for the distribution of Government funds to universities on the basis of their enrolments. In its application there may be some difficulties associated with the unpredictability of student demand and attrition. We believe that the proposed 2% threshold is unworkable and that some alternative means of negotiating acceptable load limits should be found in order to ensure funding predictability – especially during the initial phase of the new scheme. Our universities support an approach which gives each university the flexibility to respond more directly to student demand.

### **4. Indexation**

The Go8 welcomes the Government's commitment to increase funding under the CGS between 2005 and 2007, with some reservations about mechanisms proposed to satisfy the Government's workplace relations policies and governance protocols (see point 7 below). The Go8 is, however, concerned that the package is otherwise silent on the issue of the indexation of Commonwealth funding for universities and notes that this is one significant initiative announced in the ALP policy.

Current safety net and CPI indexation arrangements have seen university resources decline dramatically relative to increases in average weekly earnings. A sustainable higher education policy should, at least, maintain the real value of the Commonwealth's investment into the future.

### **5. Criteria for distributing additional HECS places**

The Government's proposal to phase out marginally funded places from 2005 and replace these with fully funded places is welcomed by the Go8. This is an initiative supported in the ALP's policy document. A gradual shift to full funding of all available HECS places should see universities better off financially and over time will allow them to improve the quality of the services they provide to students. However, with universities over-enrolled by some 33,000 places in 2002 and many students still unable to secure places, the net impact of the proposal will be a decrease in actual HECS-liable places available to students.

Under the Coalition's policy any extra demand can be addressed through full-fee places. The ALP's proposals essentially cap the number of available places at the level of subsidised places.

### **6. Learning entitlement**

The Go8 is broadly supportive of the proposed learning entitlement but has some reservations about the potential impact of on a minority of students. It is recognised that further information will be provided by the Government as to how the policy will be applied fairly to all students. This will enable a more detailed evaluation of this aspect of the reform package.

### **7. Industrial relations reforms**

All members of the Go8 recognise that flexible and responsive workplace arrangements can substantially improve the quality of their educational and research

outcomes. They also recognise that in an internationally competitive academic environment, in order to attract and keep the best teachers and researchers, it is essential that universities are able to offer individual staff employment conditions which reward skills and qualifications.

Go8 universities have already been successful in implementing a range of individual contract arrangements to achieve specific outcomes and are again vigorously pursuing workplace flexibility in the current round of enterprise bargaining negotiations. Go8 universities will continue to seek innovative employment arrangements wherever possible. The adoption of Australian Workplace Agreements should not be a pre-condition for access to additional CGS funding.

## **8. Governance**

Effective governance is a critical element in the growth and development of universities in a global economy. Limiting the size of councils and prescribing their makeup will not necessarily achieve this outcome. In this regard the Go8 agrees with the AVCC that imposing such specific requirements runs contrary to the Government's stated goal of supporting diversity within the sector and that the key test should be that the governance arrangements are effective, rather than uniform across the whole sector.

## **9. Learning and teaching initiatives**

The Go8 welcomes measures designed to promote excellence in learning and teaching. Just as we have argued strongly for competitive research funding to be available to all universities on the basis of excellence, so we believe that any funds targeted at teaching and learning initiatives should be available to all universities regardless of their missions, and be distributed on the basis of open and transparent selection criteria.

## **10. Scholarships and student support**

While the Government is to be commended for proposing a substantial number of equity based scholarships, the *Our Universities: Backing Australia's Future* document itself gives some indication of their inadequacy. While some 28,000 students from low income backgrounds currently start university each year, the Government proposes a total of just 4000 scholarships in 2004, rising to 7105 in 2007.

Labor too has emphasised the importance of scholarships and other means to attract talented students from low socio-economic areas and other disadvantaged groups to attend university. For the ALP and the Government there remain some significant difficulties to be tackled in ensuring that scholarships are effective incentives for students. At the moment the operation of the social security means test is acting to reduce a scholarship holder's entitlement to income support payments such as the Youth Allowance.

The Go8 currently provides 64 equity based scholarships (with our individual universities offering additional and extensive scholarship programs) and has been seeking reform of the social security means test for some time. The means test currently applies so that a student in receipt of a \$3000 Go8 scholarship who earns \$150 per week from other sources has his or her Youth Allowance reduced by almost \$2,850. Without amendment of the Social Security Act the same treatment will apply

to the equity based scholarships proposed in the Government's and the Opposition's packages.

A recent ruling by FACS has confirmed that any fee exemption will now be calculated as income for the purposes of access to social security benefits, further adding to the difficulties cited above.

This treatment of scholarships is also a major deterrent to attracting private sector interest in providing equity based assistance to students. In the case of the Go8 undergraduate equity scholarships, their treatment may leave member universities with no alternative but to abolish the scheme and look at alternative ways of providing support to students from low socio-economic backgrounds.

### **Flexibility, autonomy and red tape**

Governments have a legitimate role in ensuring that public funds are used wisely. This responsibility extends to targeting expenditure at labour market shortages, quality assessment and a range of other regulatory responsibilities. Universities seek to differentiate their services and establish their strengths in undergraduate education, research and in the export of their services. Commercial relationships and philanthropic donations are pursued to underpin a range of activities central to the evolving missions of the modern higher education organisation.

Achieving a balance between regulation and institutional autonomy should be a priority in the current reform environment. In both the Coalition's and Labor's policies there is a strong regulatory focus which needs more negotiation if universities are to flourish.

### **Conclusion**

The Government has established a detailed and progressive blueprint for the future development of teaching and learning in Australia's universities. It has set the scene for informed debate in the Parliament and in the broader university and business community. With the release of Labor's higher education policy there is now a broad range of initiatives on the table for discussion.

However, implementation of a policy and funding agenda for the advancement of excellence in Australian universities is urgently-needed. There is a responsibility incumbent on our elected Parliamentary representatives to act quickly to ensure that there are not significant delays while prospective changes in higher education policy continue to be debated in a protracted manner.

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